

EXHIBIT 303

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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

- - -

IN RE: NATIONAL	:	
PRESCRIPTION	:	MDL No. 2804
OPIATE LITIGATION	:	
	:	Case No.
	:	1:17-MD-2804
THIS DOCUMENT RELATES	:	
TO ALL CASES	:	Hon. Dan A. Polster

- - -

Tuesday, February 19, 2019

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CONFIDENTIALITY REVIEW

- - -

Videotaped deposition of CANDACE HARBAUER,
held at the Hilton Garden Inn, Perrysburg, Ohio,
commencing at 9:02 a.m., on the above date, before
Carol A. Kirk, Registered Merit Reporter and Notary
Public.

- - -

GOLKOW LITIGATION SERVICES
877.370.3377 ph | 917.591.5672 fax
deps@golkow.com

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<p>1 APPEARANCES:</p> <p>2 On behalf of the Plaintiffs:</p> <p>3 MCHUGH FULLER LAW GROUP</p> <p>4 BY: LANCE REINS, ESQUIRE</p> <p>5 lance@mchughfuller.com</p> <p>6 ALLAN (A.J.) L. ELKINS, ESQUIRE</p> <p>7 allan@mchughfuller.com</p> <p>8 (via teleconference)</p> <p>9 97 Elias Whiddon Road</p> <p>10 Hattiesburg, Mississippi 39402</p> <p>11 601-261-2220</p> <p>12</p> <p>13 On behalf of AmerisourceBergen Corporation (via</p> <p>14 teleconference and text/video streaming):</p> <p>15 JACKSON KELLY PLLC</p> <p>16 BY: SANDRA K. ZERRUSEN, ESQUIRE</p> <p>17 skzerrusen@jacksonkelly.com</p> <p>18 50 South Main Street, Suite 201</p> <p>19 Akron, Ohio 44308</p> <p>20 330-252-9060</p> <p>21</p> <p>22 On behalf of HBC (via teleconference and text/video</p> <p>23 streaming):</p> <p>24</p> <p>MARCUS & SHAPIRA LLP</p> <p>BY: ELLY HELLER-TOIG, ESQUIRE</p> <p>ehtoig@marcus-shapira.com</p> <p>One Oxford Center, 35th Floor</p> <p>301 Grant Street</p> <p>Pittsburgh, Pennsylvania 15219-6401</p> <p>412-338-3345</p> <p>On behalf of Walmart (via teleconference and</p> <p>text/video streaming):</p> <p>JONES DAY</p> <p>BY: NICOLE LANGSTON, ESQUIRE</p> <p>nlangston@jonesday.com</p> <p>77 West Wacker Drive</p> <p>Chicago, Illinois 60601</p> <p>312-782-3939</p>	<p>1 ALSO PRESENT:</p> <p>2 Michael Newell, Videographer</p> <p>3 Zachary Hone, Trial Technician</p> <p>4 - - -</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
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<p>1 On behalf of Prescription Supply, Inc.</p> <p>2 FOX ROTHSCHILD LLP</p> <p>3 BY: JAMES C. CLARK, ESQUIRE</p> <p>4 jclark@foxrothschild.com</p> <p>5 STEPHAN A. CORNELL, ESQUIRE</p> <p>6 scornell@foxrothschild.com</p> <p>7 (via teleconference and text/video</p> <p>8 streaming)</p> <p>9 2700 Kelly Road, Suite 300</p> <p>10 Warrington, Pennsylvania 18976-3624</p> <p>11 330-305-6400</p> <p>12</p> <p>13 On behalf of Endo Pharmaceuticals, Inc.,</p> <p>14 Endo Health Solutions, Inc., and Par Pharmaceutical</p> <p>15 Companies, Inc. (via teleconference and text/video</p> <p>16 streaming):</p> <p>17</p> <p>18 ARNOLD & PORTER KAYE SCHOLER, LLP</p> <p>19 BY: CAITLIN MARTINI MIKA, ESQUIRE</p> <p>20 caitlin.mika@arnoldporter.com</p> <p>21 70 West Madison Street, Suite 4200</p> <p>22 Chicago, Illinois 60602</p> <p>23 312-583-2300</p> <p>24</p> <p>On behalf of Johnson & Johnson and</p> <p>Janssen Pharmaceuticals:</p> <p>TUCKER ELLIS LLP</p> <p>BY: JENNIFER L. STEINMETZ, ESQUIRE</p> <p>jennifer.steinmetz@tuckerellis.com</p> <p>950 Main Avenue, Suite 1100</p> <p>Cleveland, Ohio 44113</p> <p>216-592-5000</p> <p>On behalf of McKesson (via teleconference and</p> <p>text/video streaming):</p> <p>COVINGTON & BURLING LLP</p> <p>BY: GABRIEL FULMER, ESQUIRE</p> <p>gfulmer@cov.com</p> <p>One CityCenter</p> <p>850 Tenth Street, NW</p> <p>Washington, DC 20001</p> <p>202-662-5110</p>	<p>1 VIDEOTAPED DEPOSITION OF CANDACE HARBAUER</p> <p>2 INDEX TO EXAMINATION</p> <p>3 WITNESS PAGE</p> <p>4 CANDACE HARBAUER</p> <p>5 CROSS-EXAMINATION BY MR. REINS: 10</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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<p>1 VIDEOTAPED DEPOSITION OF CANDACE HARBAUER</p> <p>2 INDEX TO EXHIBITS</p> <p>3 PSI-HARBAUER DESCRIPTION PAGE</p> <p>4 PSI-Harbauer 1 Document titled "Current 30</p> <p>5 Employees," Bates-stamped</p> <p>6 PSI-Harbauer 2 Code of Federal Regulations, 52</p> <p>7 21 C.F.R. 1301.74</p> <p>8 PSI-Harbauer 3 Document titled "Inventory 83</p> <p>9 Controls, Document Control</p> <p>10 Number: WP-1, Effective</p> <p>11 Date: June 2000," Bates-</p> <p>12 stamped PSI0000648-652</p> <p>13 PSI-Harbauer 4 Document titled "Document 89</p> <p>14 Name: Controlled Substances,</p> <p>15 Document Control Number:</p> <p>16 WP-2, Effective Date: June</p> <p>17 2000," Bates-stamped</p> <p>18 PSI0000653-654</p> <p>19 PSI-Harbauer 5 Document titled "Document 89</p> <p>20 Name: REMS DO NOT SHIP</p> <p>21 PROGRAM, Document Control</p> <p>22 Number: WP-13, Effective</p> <p>23 Date: February 2011," Bates-</p> <p>24 stamped PSI0000690-692</p> <p>PSI-Harbauer 6 Document titled "Maximum 100</p> <p>Monthly Quantity Prescription</p> <p>Supply," dated 10/2/2008,</p> <p>Bates-stamped PSI0000280-285</p> <p>PSI-Harbauer 7 Letter from Mr. Rannazzisi, 105</p> <p>dated 9/27/2006, Bates-</p> <p>stamped CAH_MDL_PRIORPROD_</p> <p>DEA07_00837645-837648</p> <p>PSI-Harbauer 8 Letter from Mr. Rannazzisi, 109</p> <p>dated 12/27/2007, Bates-</p> <p>stamped CAH_MDL_PRIORPROD_</p> <p>DEA12_00010980-10980</p>	<p>1 Fox Rothschild on behalf of</p> <p>2 Prescription Supply.</p> <p>3 THE VIDEOGRAPHER: Anyone on</p> <p>4 the phone?</p> <p>5 MS. HELLER-TOIG: Elly</p> <p>6 Heller-Toig from Marcus & Shapira</p> <p>7 for HBC Service Company. And I</p> <p>8 also e-mailed my appearance.</p> <p>9 MS. MIKA: Caitlin Mika from</p> <p>10 Arnold & Porter on behalf of Endo</p> <p>11 and Par entities.</p> <p>12 MR. ELKINS: A.J. Elkins,</p> <p>13 McHugh Fuller law firm, on behalf</p> <p>14 of the Plaintiffs.</p> <p>15 MS. LANGSTON: Nicole</p> <p>16 Langston from Jones Day on behalf</p> <p>17 of Walmart.</p> <p>18 MR. FULMER: Gabriel Fulmer</p> <p>19 on behalf of Covington & Burling on</p> <p>20 behalf of McKesson.</p> <p>21 MS. ZERRUSEN: And Sandy</p> <p>22 Zerrusen from Jackson Kelly on</p> <p>23 behalf of AmerisourceBergen.</p> <p>24 MR. CORNELL: Stephan Cornell</p>
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<p>1 - - -</p> <p>2 PROCEEDINGS</p> <p>3 - - -</p> <p>4 THE VIDEOGRAPHER: We are now</p> <p>5 on the record. My name is Michael</p> <p>6 Newell. I'm a videographer for</p> <p>7 Golkow Litigation Services.</p> <p>8 Today's date is February 19, 2019.</p> <p>9 The time is 9:02 a.m.</p> <p>10 This video deposition is</p> <p>11 being held in Perrysburg, Ohio in</p> <p>12 the matter of National Prescription</p> <p>13 Opiate Litigation. The deponent</p> <p>14 today is Candace Harbauer.</p> <p>15 Will counsel please identify</p> <p>16 themselves.</p> <p>17 MR. REINS: Lance Reins with</p> <p>18 McHugh Fuller here on behalf of the</p> <p>19 Plaintiff.</p> <p>20 MS. STEINMETZ: Jennifer</p> <p>21 Steinmetz from Tucker Ellis on</p> <p>22 behalf of Janssen and Johnson &</p> <p>23 Johnson.</p> <p>24 MR. CLARK: Jim Clark from</p>	<p>1 from Fox Rothschild for</p> <p>2 Prescription Supply.</p> <p>3 THE VIDEOGRAPHER: The court</p> <p>4 reporter today is Carol Kirk and</p> <p>5 will now swear in the witness.</p> <p>6 (Witness sworn.)</p> <p>7 MR. CLARK: Mr. Reins, before</p> <p>8 we begin, I just want to put on the</p> <p>9 record what we discussed out in the</p> <p>10 hallway a short time ago.</p> <p>11 Ms. Harbauer has been out of</p> <p>12 work for the last ten days dealing</p> <p>13 with some health issues related to</p> <p>14 her asthma.</p> <p>15 She has assured me that she'd</p> <p>16 like to proceed today and is</p> <p>17 confident to do so. I raise it</p> <p>18 just because we may need to take a</p> <p>19 few extra breaks so that she can do</p> <p>20 a breathing treatment.</p> <p>21 - - -</p> <p>22 CANDACE HARBAUER</p> <p>23 being by me first duly sworn, as hereinafter</p> <p>24 certified, deposes and says as follows:</p>

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<p style="text-align: right;">Page 10</p> <p>1 CROSS-EXAMINATION</p> <p>2 BY MR. REINS:</p> <p>3 Q. Ms. Harbauer, as we discussed</p> <p>4 before we began, please let me know whenever</p> <p>5 that arises. You don't need to put yourself</p> <p>6 through any additional strain here today. So</p> <p>7 just let us know, okay?</p> <p>8 A. Thank you.</p> <p>9 Q. You're welcome.</p> <p>10 Could I get you to introduce</p> <p>11 yourself for the record, please.</p> <p>12 A. Candace Harbauer.</p> <p>13 Q. And, Ms. Harbauer, have you been</p> <p>14 through a deposition before?</p> <p>15 A. Never.</p> <p>16 Q. Okay. Your counsel has probably</p> <p>17 advised you but just a couple ground rules</p> <p>18 before we begin. Obviously I'm going to be</p> <p>19 asking you some questions here today.</p> <p>20 Please, because we have a court</p> <p>21 reporter taking everything down, please let me</p> <p>22 finish my question before you begin your answer,</p> <p>23 okay?</p> <p>24 At the end of this there will be a</p>	<p style="text-align: right;">Page 12</p> <p>1 Supply?</p> <p>2 A. I'm a VP of administration and</p> <p>3 also human resources and designated</p> <p>4 representative.</p> <p>5 Q. And Prescription Supply, Inc. also</p> <p>6 goes by the acronym, I guess, PSI?</p> <p>7 A. Correct.</p> <p>8 Q. Okay. Tell me a little bit about</p> <p>9 the company, if you don't mind, the historic</p> <p>10 background. Do you know when it was formed?</p> <p>11 A. It was started in 1955 by my</p> <p>12 grandfather and two of his siblings. Two of</p> <p>13 them were pharmacists, and there was a need for</p> <p>14 a regional pharmaceutical distributor. It has</p> <p>15 always been a family run, very small,</p> <p>16 independent company. We've grown through the</p> <p>17 years. There are approximately 12 family</p> <p>18 members that work for us now.</p> <p>19 We -- because we're small, we have</p> <p>20 a great communication base with one another and</p> <p>21 an interworking relationship. We strive to --</p> <p>22 service is our priority, to meet the customers'</p> <p>23 needs whenever possible and to maintain, you</p> <p>24 know, a positive, ethical stance.</p>
<p style="text-align: right;">Page 11</p> <p>1 written record of what transpired today so we</p> <p>2 want to be able to have a clean question and a</p> <p>3 clean answer, okay?</p> <p>4 A. Fine.</p> <p>5 Q. For those same reasons, please</p> <p>6 verbalize all your answers. No "uh-huhs,"</p> <p>7 "huh-uhs" or head nods. I may remind you, "Is</p> <p>8 that a yes," "Is that a no," if you shake your</p> <p>9 head, because we need a verbal response, okay?</p> <p>10 A. Okay.</p> <p>11 Q. Lastly, if you answer my question,</p> <p>12 I'm going to assume two things. One, you</p> <p>13 understood it, and, two, you're telling the</p> <p>14 truth.</p> <p>15 Is that fair?</p> <p>16 A. Yes.</p> <p>17 Q. If you don't know something or you</p> <p>18 need me to rephrase a question, just say so,</p> <p>19 okay?</p> <p>20 A. Okay.</p> <p>21 Q. All right. Can you please tell us</p> <p>22 what you do for a living?</p> <p>23 A. I work for Prescription Supply.</p> <p>24 Q. What do you do for Prescription</p>	<p style="text-align: right;">Page 13</p> <p>1 The company is now run by my</p> <p>2 mother and my uncle as corporate principals.</p> <p>3 Q. And who would that be?</p> <p>4 A. Thomas Schoen and Jacquelyn</p> <p>5 Harbauer.</p> <p>6 Q. Do you know when Mr. Schoen,</p> <p>7 Thomas Schoen, took over?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. Precisely, no. He went through</p> <p>11 several positions before taking on president.</p> <p>12 Q. Understanding your answer about</p> <p>13 the company's overall business operations, can</p> <p>14 you kind of simplify it, if you would. What</p> <p>15 exactly do you do? Do you supply medications,</p> <p>16 narcotics, things of that nature? Tell me a</p> <p>17 little bit in laymen's terms what you do.</p> <p>18 MR. CLARK: Objection to</p> <p>19 form.</p> <p>20 A. The company is a pharmaceutical</p> <p>21 wholesaler, primarily.</p> <p>22 Q. And what does that mean?</p> <p>23 A. That we buy directly from the</p> <p>24 manufacturer and sell to pharmacies or long-term</p>

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<p style="text-align: right;">Page 14</p> <p>1 care facilities. Our primary business is</p> <p>2 independent pharmacies, retail.</p> <p>3 Q. And does that include the supply</p> <p>4 of narcotics?</p> <p>5 A. Some.</p> <p>6 Q. Which ones?</p> <p>7 A. I wouldn't -- couldn't tell you.</p> <p>8 Q. All right. And you began with the</p> <p>9 company when?</p> <p>10 A. About 22, 23 years ago.</p> <p>11 Q. Has the company grown in that time</p> <p>12 period?</p> <p>13 A. Yes.</p> <p>14 Q. How so?</p> <p>15 A. We've developed as -- with</p> <p>16 technology, computers. All the legal</p> <p>17 regulations that have come up the pike. We've</p> <p>18 grown in size. Moved into -- built and moved</p> <p>19 into a new building.</p> <p>20 Q. When you say "grown in size," does</p> <p>21 that include your customer base?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 Q. Let me just ask it this way: How</p>	<p style="text-align: right;">Page 16</p> <p>1 states?</p> <p>2 MR. CLARK: Objection to</p> <p>3 form.</p> <p>4 A. In my opinion, 30.</p> <p>5 Q. Okay. So when you say small</p> <p>6 family business, large customer base, though,</p> <p>7 right?</p> <p>8 MR. CLARK: Objection. Form.</p> <p>9 A. Large -- can you define what you</p> <p>10 mean by "large" --</p> <p>11 Q. That's okay.</p> <p>12 A. -- because that's a comparative</p> <p>13 statement.</p> <p>14 Q. Sure. That's fair.</p> <p>15 How many employees do you have?</p> <p>16 A. Approximately 80.</p> <p>17 Q. And you said you moved into a</p> <p>18 larger facility. What do you mean? How large</p> <p>19 is your facility?</p> <p>20 MR. CLARK: Objection. Form.</p> <p>21 A. We are in a building we built</p> <p>22 specifically -- well, Prescription Supply -- we</p> <p>23 rent a building that was designed for us, and</p> <p>24 it's, I believe, 30,000 square feet.</p>
<p style="text-align: right;">Page 15</p> <p>1 have you grown in size?</p> <p>2 A. Number of employees, increased</p> <p>3 sales, and customer base.</p> <p>4 Q. Let's work in reverse. Customer</p> <p>5 base, do you know how many customers you have</p> <p>6 presently?</p> <p>7 A. No.</p> <p>8 Q. Thousands or --</p> <p>9 MR. CLARK: Objection. Form.</p> <p>10 Q. If you know.</p> <p>11 A. My guess would be -- I really</p> <p>12 can't give you a definitive answer. We might</p> <p>13 have two or three thousand customers. They're</p> <p>14 all not active.</p> <p>15 Q. What geographical area are they</p> <p>16 spread throughout?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. We are in -- predominantly a</p> <p>20 regional supplier, but we do service many</p> <p>21 states.</p> <p>22 Q. Do you know which ones?</p> <p>23 A. Not offhand all of them, no.</p> <p>24 Q. Do you know ballpark how many</p>	<p style="text-align: right;">Page 17</p> <p>1 Q. You said your sales have</p> <p>2 increased. How so?</p> <p>3 MR. CLARK: Objection to</p> <p>4 form.</p> <p>5 A. Just based on the fact that we've</p> <p>6 been able to increase our employee base and have</p> <p>7 added additional state licenses.</p> <p>8 Q. Do you know since 1996 how much</p> <p>9 your sales have increased?</p> <p>10 A. No. I couldn't tell you.</p> <p>11 Q. Do you know who would be most</p> <p>12 knowledgeable about that?</p> <p>13 A. Probably the corporate president.</p> <p>14 Q. You just know they have increased?</p> <p>15 A. I -- yes.</p> <p>16 Q. But you don't know by what grade</p> <p>17 percentage?</p> <p>18 A. No.</p> <p>19 Q. Tell me a little bit about when</p> <p>20 you started.</p> <p>21 MR. CLARK: Objection to</p> <p>22 form.</p> <p>23 A. I was actually with the company</p> <p>24 for a short time when I graduated from college</p>

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<p style="text-align: right;">Page 18</p> <p>1 before I went into my career choice at that</p> <p>2 point, which was education, and did warehouse</p> <p>3 work, learning the business and did some</p> <p>4 accounting work. Then after many years, came</p> <p>5 back and started serving as credit manager,</p> <p>6 human resources. We are a small company and,</p> <p>7 therefore, we wear many hats and develop into</p> <p>8 positions.</p> <p>9 Q. When you say "small company," do</p> <p>10 you know how you rank in the industry, if you</p> <p>11 know?</p> <p>12 MR. CLARK: Objection to</p> <p>13 form.</p> <p>14 A. I really don't have a clue. I</p> <p>15 know we are the smallest in Ohio.</p> <p>16 Q. And do you know what your average</p> <p>17 sales are in a given year?</p> <p>18 MR. CLARK: Objection. Form.</p> <p>19 A. No.</p> <p>20 Q. Do you know if they're in the</p> <p>21 millions?</p> <p>22 MR. CLARK: Same objection.</p> <p>23 A. I -- I don't know.</p> <p>24 Q. You don't see the books?</p>	<p style="text-align: right;">Page 20</p> <p>1 president is Thomas Schoen, and it also says "DR</p> <p>2 supervisor."</p> <p>3 Do you know what that stands for?</p> <p>4 A. Designated representative</p> <p>5 supervisor. So he is my supervisor.</p> <p>6 Q. Okay. Is he everyone's</p> <p>7 supervisor?</p> <p>8 A. Yes.</p> <p>9 Q. Okay. There's no DR supervisor</p> <p>10 he's subservient to I'm guessing?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 A. Correct.</p> <p>14 Q. Now, underneath that is</p> <p>15 secretary-treasurer. And who would that be?</p> <p>16 A. Jacquelyn Harbauer.</p> <p>17 Q. All right. And what relation</p> <p>18 would that be to you?</p> <p>19 A. My mother.</p> <p>20 Q. Gotcha. And then that would be</p> <p>21 your, obviously, uncle's sister?</p> <p>22 A. Correct.</p> <p>23 Q. All right. And then we have VP of</p> <p>24 sales, Christopher Schoen?</p>
<p style="text-align: right;">Page 19</p> <p>1 A. I don't review the books, no.</p> <p>2 Q. Fair enough.</p> <p>3 All right. I do want to talk to</p> <p>4 you -- I know you said it's a family business.</p> <p>5 I want to kind of talk to you about the cast of</p> <p>6 characters, the folks that work in the business,</p> <p>7 okay?</p> <p>8 So we're going to look at a</p> <p>9 document. Specifically this is PSI-1010.</p> <p>10 A. Okay.</p> <p>11 MR. REINS: I have a hard</p> <p>12 copy if you want one.</p> <p>13 MR. CLARK: I appreciate it.</p> <p>14 MR. REINS: So, Zach, if you</p> <p>15 could kind of zoom in at the top</p> <p>16 and we'll work our way down. All</p> <p>17 right. Perfect.</p> <p>18 BY MR. REINS:</p> <p>19 Q. All right. So we're just learning</p> <p>20 a little bit about your company today, so</p> <p>21 obviously we've received some items in discovery</p> <p>22 kind of telling us who's who and maybe you can</p> <p>23 help elaborate on that.</p> <p>24 Obviously you've mentioned the</p>	<p style="text-align: right;">Page 21</p> <p>1 A. Correct.</p> <p>2 Q. What relation?</p> <p>3 A. Cousin.</p> <p>4 Q. Okay. And who is he the son of?</p> <p>5 A. Tom.</p> <p>6 Q. Okay. And do you know what -- and</p> <p>7 forgive me. I skipped your mom. Do you know</p> <p>8 what your mom does as a secretary and treasurer?</p> <p>9 MR. CLARK: Objection to</p> <p>10 form.</p> <p>11 A. I -- I know she is overall</p> <p>12 responsible for board minutes, you know,</p> <p>13 financial, overseeing the accounting department,</p> <p>14 controller, those types of things.</p> <p>15 (Reporter clarification.)</p> <p>16 A. Controller. Sorry. Controller.</p> <p>17 And the licensing, regulatory. She's over</p> <p>18 myself as well.</p> <p>19 BY MR. REINS:</p> <p>20 Q. Okay. And so the -- and I'm</p> <p>21 sorry. When you said earlier you came back</p> <p>22 after several years, what year was that?</p> <p>23 A. That I came back?</p> <p>24 Q. Yes, ma'am.</p>


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<p>1 A. I'm guessing it was 1996, '97.</p> <p>2 Q. Okay. Probably best to finish up</p> <p>3 your time. So when you first came back, what</p> <p>4 was your position?</p> <p>5 A. Credit manager.</p> <p>6 Q. What did that mean?</p> <p>7 A. I worked with collections,</p> <p>8 accounts receivable and the controller.</p> <p>9 Q. What's your educational</p> <p>10 background? What was your degree in?</p> <p>11 A. I have a Master's of Science in</p> <p>12 administration, educational administration, and</p> <p>13 a bachelor of education.</p> <p>14 Q. Gotcha. And so when you finished</p> <p>15 that first position, you transitioned into a new</p> <p>16 one obviously?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. When I finished being credit</p> <p>20 manager?</p> <p>21 Q. Yes, ma'am.</p> <p>22 A. I transitioned, yes, into more of</p> <p>23 the vice president and was assisting the</p> <p>24 secretary/treasurer with licensing,</p>	<p>1 A. Oh, longer than that.</p> <p>2 Q. Okay.</p> <p>3 A. I -- I know that -- as I said, as</p> <p>4 the regulatory environments increased, so did</p> <p>5 the development of the position, licensing and</p> <p>6 all of that.</p> <p>7 Q. So -- and you might not be able to</p> <p>8 answer this. Before 2010 or after, if you know?</p> <p>9 MR. CLARK: Objection to</p> <p>10 form.</p> <p>11 A. I couldn't say. It would be pure</p> <p>12 guess.</p> <p>13 Q. All right. Do you know how long</p> <p>14 after you left the credit manager position you</p> <p>15 got into regulatory services?</p> <p>16 MR. CLARK: Objection to</p> <p>17 form.</p> <p>18 Q. Months, years?</p> <p>19 A. I --</p> <p>20 MR. CLARK: Same objection.</p> <p>21 Go ahead.</p> <p>22 A. When I transitioned from one, I</p> <p>23 had been out ill for a period of time, so when I</p> <p>24 came back, the credit management position had</p>
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<p>1 developmental for our VAWD certifications. As</p> <p>2 the regulatory requirements have blossomed in</p> <p>3 the last 20 years, the need to have a person</p> <p>4 directly involved with that, is what I came</p> <p>5 into.</p> <p>6 I also do human resources, some --</p> <p>7 it's delegated responsibilities. Primarily I</p> <p>8 deal with job descriptions and training.</p> <p>9 Q. When you talk about your</p> <p>10 regulatory position, is that that you are an</p> <p>11 assistant, I guess, to your mother in that role?</p> <p>12 A. Correct.</p> <p>13 MR. CLARK: Objection to</p> <p>14 form.</p> <p>15 Q. When did you begin doing that?</p> <p>16 A. When did I begin doing that?</p> <p>17 Q. Yes, ma'am.</p> <p>18 MR. CLARK: Objection to</p> <p>19 form.</p> <p>20 Q. You said as time went on --</p> <p>21 A. I -- I honestly don't remember</p> <p>22 when.</p> <p>23 Q. Would it be longer than two, three</p> <p>24 years ago or --</p>	<p>1 been filled by another personnel, so I began to</p> <p>2 work more closely with the corporate</p> <p>3 secretary/treasurer and develop that.</p> <p>4 Q. So I'm going to say this as</p> <p>5 carefully as I can. I do not want to know</p> <p>6 anything about your health condition whatsoever.</p> <p>7 But given that you had a health issue, does</p> <p>8 that -- do you know when that was, without</p> <p>9 revealing anything about your health condition?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. I'm guessing seven years ago.</p> <p>13 Q. Okay.</p> <p>14 A. But it -- in my -- that's to the</p> <p>15 best of my recollection.</p> <p>16 Q. And I appreciate that.</p> <p>17 And I guess this would be a good</p> <p>18 time to -- when you start -- when you got</p> <p>19 transitioned into that role, can you tell me</p> <p>20 specifically what your duties and</p> <p>21 responsibilities were?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 A. It began with getting our VAWD</p>

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<p style="text-align: right;">Page 26</p> <p>1 certification.</p> <p>2 Q. Your what? I'm sorry?</p> <p>3 A. VAWD, verified authorized</p> <p>4 wholesale distributor, verification through the</p> <p>5 National Association of Boards of Pharmacy.</p> <p>6 Q. What did that certification allow</p> <p>7 you to do?</p> <p>8 A. To sell in multiple states as that</p> <p>9 is a requirement for licensure.</p> <p>10 </p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18 Q. So I'm going to ask you this</p> <p>19 question, but I want you to understand I know</p> <p>20 dates and times may be difficult for you. Just</p> <p>21 do the best you can, okay?</p> <p>22 Do you know when that</p> <p>23 certification was ultimately approved?</p> <p>24 MR. CLARK: Objection to</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. Okay. That's wonderful.</p> <p>2 MR. CLARK: Before you ask</p> <p>3 the next question, did we lose</p> <p>4 power here?</p> <p>5 THE WITNESS: I have no</p> <p>6 screen.</p> <p>7 MR. REINS: I just hadn't</p> <p>8 talked about it in a while.</p> <p>9 MR. CLARK: I want to make</p> <p>10 sure we're up and running.</p> <p>11 MR. REINS: The power is</p> <p>12 still running.</p> <p>13 MR. CLARK: Okay.</p> <p>14 BY MR. REINS:</p> <p>15 Q. All right. So after that, you</p> <p>16 helped in that process, what other regulatory</p> <p>17 duties and responsibilities did you have, if</p> <p>18 any?</p> <p>19 MR. CLARK: Objection to</p> <p>20 form.</p> <p>21 A. I had responsibility to keep a</p> <p>22 knowledge base, if possible, of regulatory</p> <p>23 requirements, working with the licensures, so</p> <p>24 ensuring that we are compliant with all the</p>
<p style="text-align: right;">Page 27</p> <p>1 form.</p> <p>2 A. I believe nine or ten years ago,</p> <p>3 to the best of my recollection.</p> <p>4 Q. Okay. So when you came back after</p> <p>5 your health issue, was it already approved?</p> <p>6 A. No.</p> <p>7 Q. Okay. I'm not really a math guy,</p> <p>8 but I think we approximated that into about</p> <p>9 seven years?</p> <p>10 A. Seven years? Then I would have</p> <p>11 misspoken.</p> <p>12 Q. That's okay.</p> <p>13 A. I -- again, it's hard to recall.</p> <p>14 Q. Those are not points I'll be</p> <p>15 scoring today on math, so I promise you. So</p> <p>16 we're just trying -- that actually is a helpful</p> <p>17 process. So if we know that it was about ten or</p> <p>18 eleven years ago, do you know how long you</p> <p>19 worked on it before it was approved?</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 A. I know the process was begun</p> <p>23 before I came back. The entire length of time,</p> <p>24 maybe a year.</p>	<p style="text-align: right;">Page 29</p> <p>1 regulations for each license, including DEA,</p> <p>2 being aware of governmental changes.</p> <p>3 Q. All right. Any other duties and</p> <p>4 responsibilities, other than what we've</p> <p>5 discussed so far, when you transitioned to your</p> <p>6 new role?</p> <p>7 MR. CLARK: Objection to</p> <p>8 form.</p> <p>9 Q. I think you touched on the human</p> <p>10 resource aspect as well, so I didn't know if</p> <p>11 there was anything else.</p> <p>12 A. Those are my primary</p> <p>13 responsibilities.</p> <p>14 Q. Okay. And you've held those</p> <p>15 consistently since the best you've approximated</p> <p>16 for us here today?</p> <p>17 A. Yes.</p> <p>18 Q. Okay.</p> <p>19 MR. CLARK: Objection to</p> <p>20 form.</p> <p>21 Just give me a second to get</p> <p>22 my objection on --</p> <p>23 THE WITNESS: Yeah. I'm</p> <p>24 sorry.</p>

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<p>1 MR. CLARK: No problem.</p> <p>2 You're doing fine.</p> <p>3 ---</p> <p>4 (PSI-Harbauer Exhibit 1 marked.)</p> <p>5 ---</p> <p>6 BY MR. REINS:</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 anybody else that's part of the regulatory</p> <p>2 division in the time period we've discussed?</p> <p>3 MR. CLARK: Objection to</p> <p>4 form. Misstates the testimony.</p> <p>5 A. I think that many of our personnel</p> <p>6 have to be aware of the rules and regulations.</p> <p>7 Q. Sure. But how many are actually</p> <p>8 designated in the regulatory department, besides</p> <p>9 you and -- it is you and your mom, right?</p> <p>10 A. My --</p> <p>11 MR. CLARK: Same objection.</p> <p>12 Q. You can answer.</p> <p>13 A. Tom also oversees so, you know.</p> <p>14 Q. Okay. Anyone else?</p> <p>15 A. No.</p> <p>16 Q. All right. And here's where you</p> <p>17 can educate me, because VP-IS Kirk Harbauer --</p> <p>18 A. Correct.</p> <p>19 Q. -- he is your --</p> <p>20 A. Brother.</p> <p>21 Q. -- brother. I see a lot of</p> <p>22 report -- his name is involved in different</p> <p>23 reporting and e-mails and letters and things.</p> <p>24 Is he not involved in the regulatory process?</p>
	Page 33
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 Q. When you look at all of that, the</p> <p>5 telemarketing staff, the customer service staff,</p> <p>6 Chris, any of the other people that work with</p> <p>7 him, Mr. Schoen -- I say Chris because he's --</p> <p>8 there's several Mr. Schoens. Do you know how</p> <p>9 many people that would be, approximately?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. My guess would be eight to ten.</p> <p>13 Q. And then you've got the one and a</p> <p>14 half person? You got --</p> <p>15 A. He's -- the half person is a</p> <p>16 part-time buyer --</p> <p>17 Q. Okay.</p> <p>18 A. -- and a part-time sales rep where</p> <p>19 he would visit Michigan stores. And then we</p> <p>20 have a gentleman who visits our Ohio stores.</p> <p>21 Q. That's a good definition of half a</p> <p>22 person. I got it.</p> <p>23 We were talking about the</p> <p>24 regulatory. There's you, your mom. Is there</p>	<p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. His -- he carries -- he ensures</p> <p>4 that the necessary reporting is sent, for</p> <p>5 example, ARCOS reporting, or there are states</p> <p>6 that require we send in sales history of</p> <p>7 controlled substances, so the computer</p> <p>8 department -- well, Kirk. I should rephrase</p> <p>9 that. Kirk will develop the necessary program</p> <p>10 to do that. And so we say that he is involved</p> <p>11 because of that purpose.</p> <p>12 Q. But he actually just completes the</p> <p>13 reporting --</p> <p>14 A. Technology.</p> <p>15 MR. CLARK: Hold on. Let him</p> <p>16 finish his question.</p> <p>17 A. I apologize.</p> <p>18 Q. No, that's okay. I think I might</p> <p>19 have got it out there.</p> <p>20 He's responsible for executing the</p> <p>21 reporting necessary pursuant to the regulations,</p> <p>22 safety rules?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>

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<p>1 Go ahead.</p> <p>2 A. He gets the reports out.</p> <p>3 Q. Okay. Who has decided or who has</p> <p>4 made the decision as to how to report?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 Q. What to report, how to report.</p> <p>8 MR. CLARK: Same objection.</p> <p>9 A. It depends on the rules and</p> <p>10 regulations.</p> <p>11 Q. So let's start with that then.</p> <p>12 What rules and regulations are you obligated to</p> <p>13 follow as the regulatory -- what position is it,</p> <p>14 regulatory advisor?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 A. My title is VP admin and human</p> <p>18 resources and DR, designated representative.</p> <p>19 Q. So in order to comply with the</p> <p>20 rules, you need to know what they are, right?</p> <p>21 A. Are.</p> <p>22 Q. So what rules are you required to</p> <p>23 follow?</p> <p>24 A. All --</p>	<p>1 MR. CLARK: I just want to</p> <p>2 object to the extent it calls for a</p> <p>3 legal conclusion.</p> <p>4 MR. REINS: And I will</p> <p>5 recognize, because I read some of</p> <p>6 your prior depositions, that that is well</p> <p>7 contemplated in any objections to</p> <p>8 form.</p> <p>9 MR. CLARK: Okay.</p> <p>10 MR. REINS: But you are</p> <p>11 welcome to state your objections as</p> <p>12 you see fit.</p> <p>13 A. Would you repeat the question,</p> <p>14 please?</p> <p>15 Q. Of course I will.</p> <p>16 MR. CLARK: Just to be clear,</p> <p>17 I have not been involved in any</p> <p>18 other depositions.</p> <p>19 MR. REINS: Oh, really? Oh,</p> <p>20 okay. I've seen that objection</p> <p>21 several times.</p> <p>22 BY MR. REINS:</p> <p>23 Q. I think the question that was</p> <p>24 posed to you is: Sitting here today, what do</p>
Page 35	Page 37
<p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. All federal. With the state,</p> <p>4 local.</p> <p>5 Q. Have you reviewed all of those</p> <p>6 rules and regulations?</p> <p>7 MR. CLARK: Objection to</p> <p>8 form.</p> <p>9 Q. The ones that apply to your</p> <p>10 business, of course.</p> <p>11 A. Have I reviewed them all?</p> <p>12 Q. Yes.</p> <p>13 A. Honestly, I couldn't believe that</p> <p>14 it -- that was even possible. I would say no.</p> <p>15 I will say that I am aware of the requirements</p> <p>16 of many things.</p> <p>17 Q. What are you -- are you aware of</p> <p>18 the Controlled Substances Act?</p> <p>19 A. Yes.</p> <p>20 Q. What do you believe that obligates</p> <p>21 you to do or not do?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 A. I see it as --</p>	<p>1 you believe the Controlled Substances Act</p> <p>2 obligates your company to do or not to do?</p> <p>3 MR. CLARK: Same objection.</p> <p>4 A. I see the purpose of the act is to</p> <p>5 regulate the flow of pharmaceuticals throughout</p> <p>6 the industry. There are many requirements in</p> <p>7 monitoring, licensing, regulatory -- monitoring,</p> <p>8 licensing, reporting.</p> <p>9 Q. Do you know why these rules and</p> <p>10 regulations have come into play?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 A. I couldn't state the intent of</p> <p>14 them, but I -- I think it's to regulate the</p> <p>15 industry.</p> <p>16 Q. Do you know why the industry needs</p> <p>17 to be regulated?</p> <p>18 MR. CLARK: Same objection.</p> <p>19 A. As with most industries, there is</p> <p>20 always illegal activity involved, and so by</p> <p>21 regulating, I see it as an attempt to try to</p> <p>22 keep things in proper channels.</p> <p>23 Q. You understand that we're in the</p> <p>24 midst of an opioid crisis?</p>

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<p style="text-align: right;">Page 38</p> <p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 Q. Correct?</p> <p>4 A. I agree from what I have read and</p> <p>5 heard on the news, that I believe there is an</p> <p>6 opioid crisis.</p> <p>7 Q. You understand and recognize it's</p> <p>8 affecting all races, all genders, in this</p> <p>9 country, correct?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. It affects many people.</p> <p>13 Q. Many communities in this country,</p> <p>14 correct?</p> <p>15 MR. CLARK: Same objection.</p> <p>16 A. Yes.</p> <p>17 Q. And it's found to be, some of the</p> <p>18 drugs, specifically oxycodone, have been abused</p> <p>19 heavily in this nation, correct?</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 A. I can't -- that's what the news</p> <p>23 says.</p> <p>24 Q. Do you not agree with that?</p>	<p style="text-align: right;">Page 40</p> <p>1 where I would get my information.</p> <p>2 Q. Your company has not had meetings</p> <p>3 on the addictive nature of a product that you're</p> <p>4 distributing?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form. Argumentative.</p> <p>7 A. To my knowledge, we have not.</p> <p>8 Q. Okay. I think we're on a new</p> <p>9 title now. VP HR manager DR. Have we</p> <p>10 covered -- I think we have -- all the duties and</p> <p>11 responsibilities for which you hold?</p> <p>12 A. Yes.</p> <p>13 Q. All right. You're also vendor</p> <p>14 verification. What does that mean?</p> <p>15 A. Part of the requirements of VAWD</p> <p>16 are to ensure that who we are purchasing from</p> <p>17 and selling to are properly licensed, inspected,</p> <p>18 and so I do verify all licenses of potential</p> <p>19 vendors and maintain records on those.</p> <p>20 Q. Assistant to the president, James</p> <p>21 Schoen. What relation is he to the president?</p> <p>22 A. Son.</p> <p>23 Q. How does he assist his dad?</p> <p>24 MR. CLARK: Objection to</p>
<p style="text-align: right;">Page 39</p> <p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. I can't disagree or agree. I have</p> <p>4 no personal knowledge of it.</p> <p>5 Q. Sitting here today, as someone</p> <p>6 who's involved in the regulatory safety rules</p> <p>7 and employing those in your company for PSI, you</p> <p>8 don't know one way or another whether we're --</p> <p>9 oxycodone is addictive?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. Do I know if oxycodone is</p> <p>13 addictive, is that what you just stated?</p> <p>14 Q. Yes. Based on all the literature,</p> <p>15 publications, congressional hearings, everything</p> <p>16 that's available to you, do you know that?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. I have been told that OxyContin is</p> <p>20 addictive, yes.</p> <p>21 Q. Who told you that?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 A. That's from the news and -- that's</p>	<p style="text-align: right;">Page 41</p> <p>1 form.</p> <p>2 A. I really couldn't tell you what he</p> <p>3 does in that respect.</p> <p>4 Q. Okay. Does he get a paycheck?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 MR. REINS: Withdraw.</p> <p>8 BY MR. REINS:</p> <p>9 Q. Next we have -- and I'm not quite</p> <p>10 sure what that position is, Robert Schoen, what</p> <p>11 relation?</p> <p>12 A. That's also a son of Tom.</p> <p>13 Q. And what does that stand for?</p> <p>14 A. Warehouse manager.</p> <p>15 Q. Gotcha. And what are his duties</p> <p>16 and responsibilities?</p> <p>17 A. To oversee the warehouse.</p> <p>18 Q. The warehouse is where all the --</p> <p>19 A. Product.</p> <p>20 Q. Is kept?</p> <p>21 So oversee it. Are there policies</p> <p>22 and procedures that govern the warehouse, if you</p> <p>23 know?</p> <p>24 A. Yes.</p>

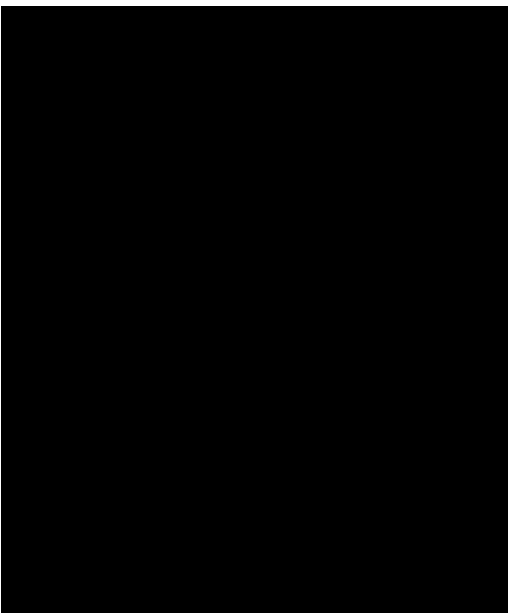
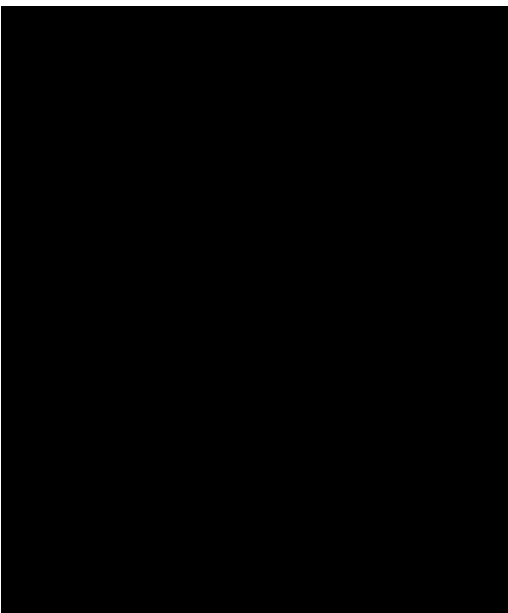
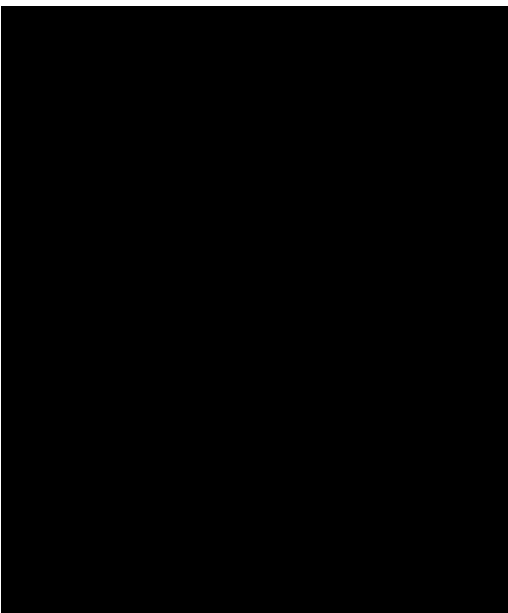
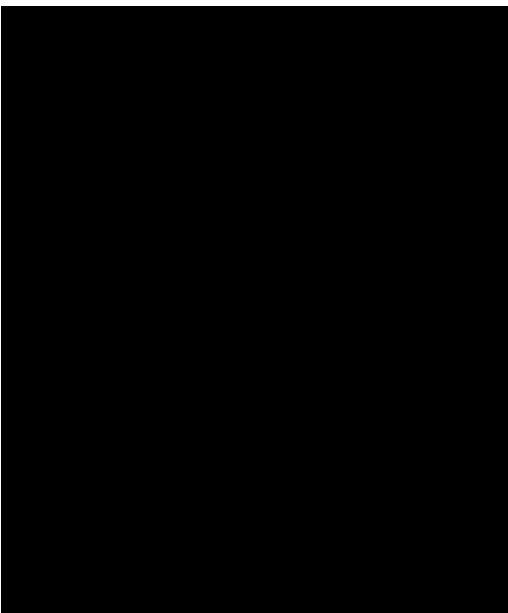
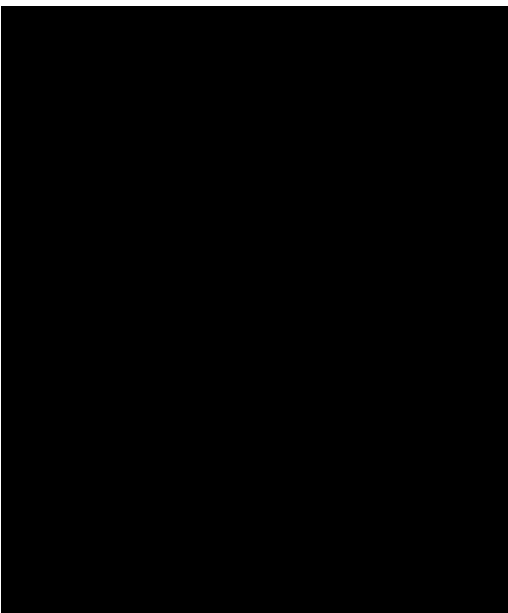
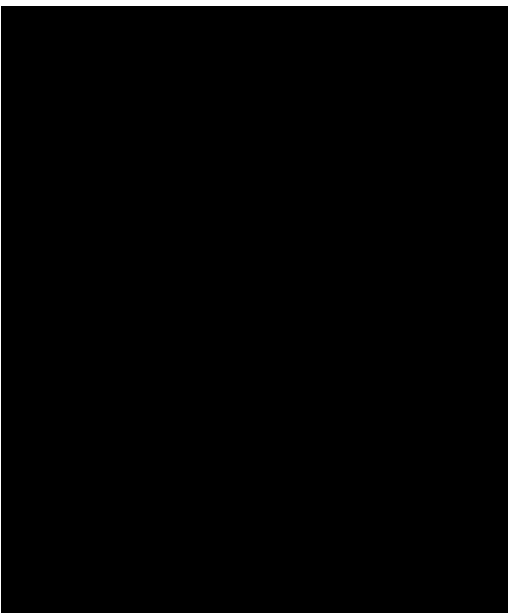
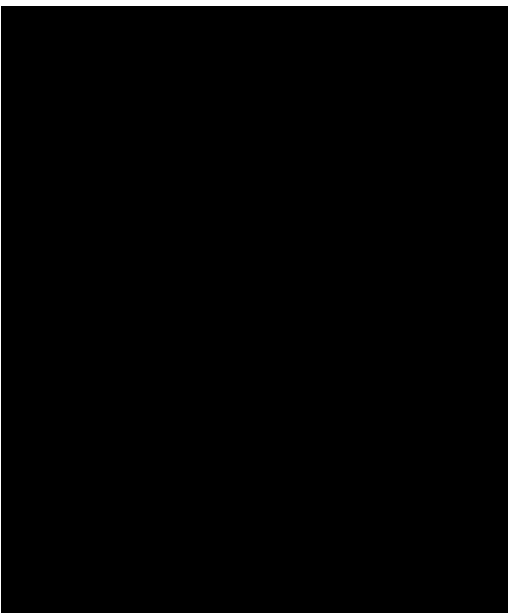
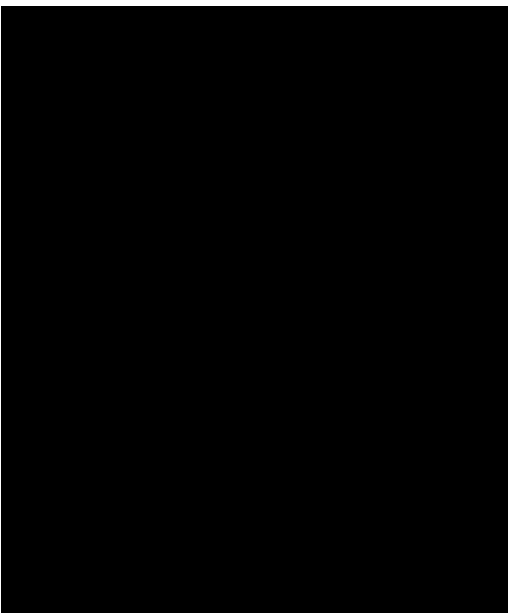
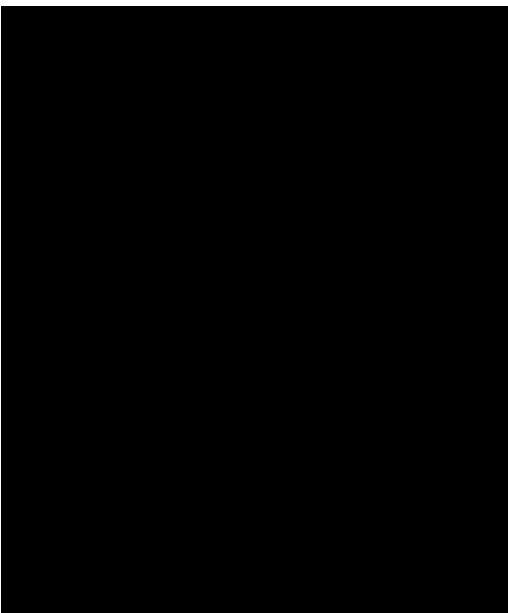
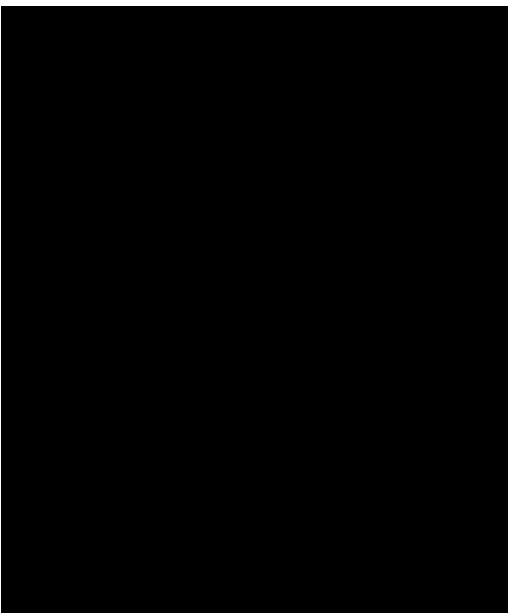
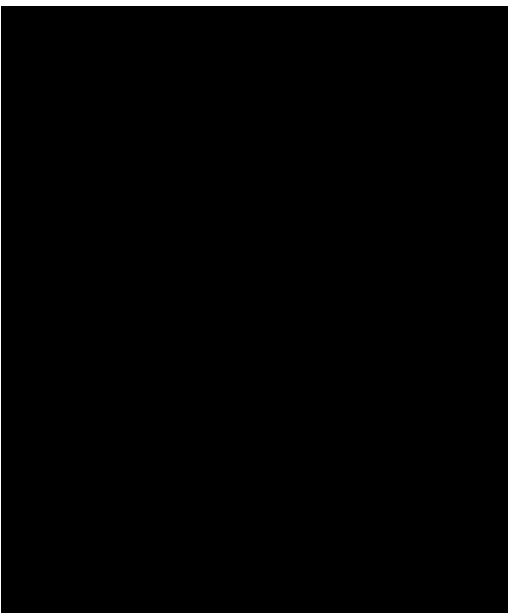
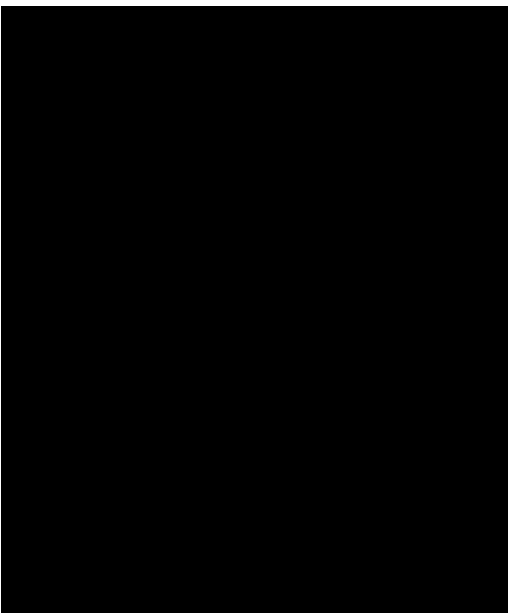
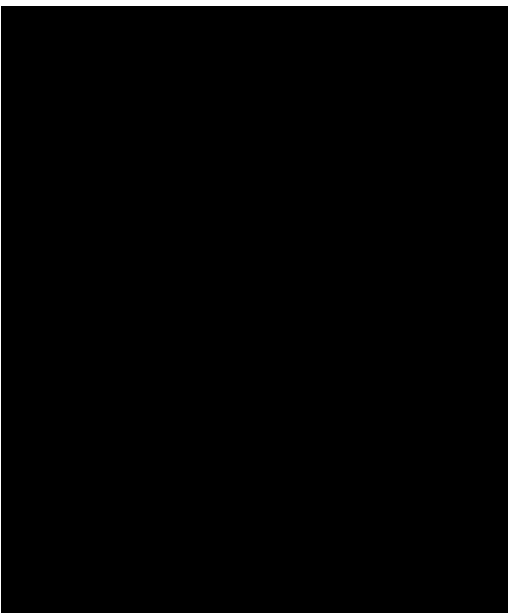
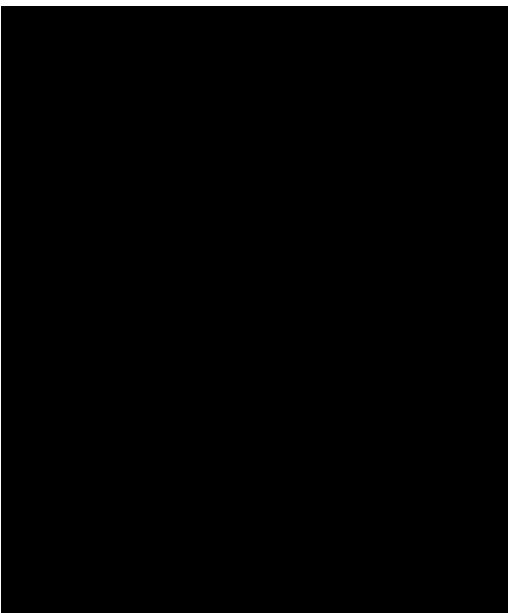
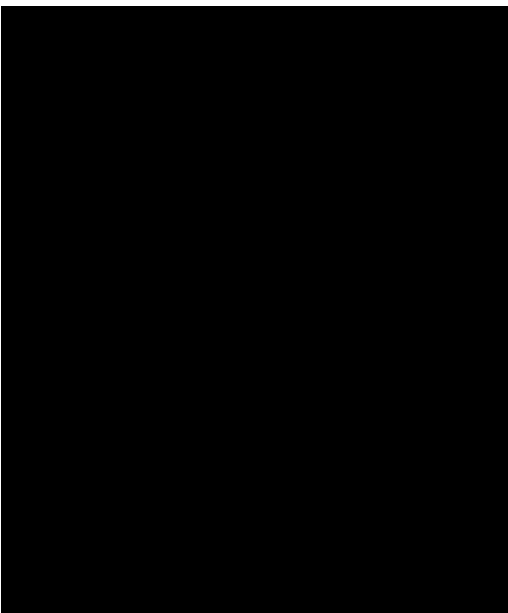
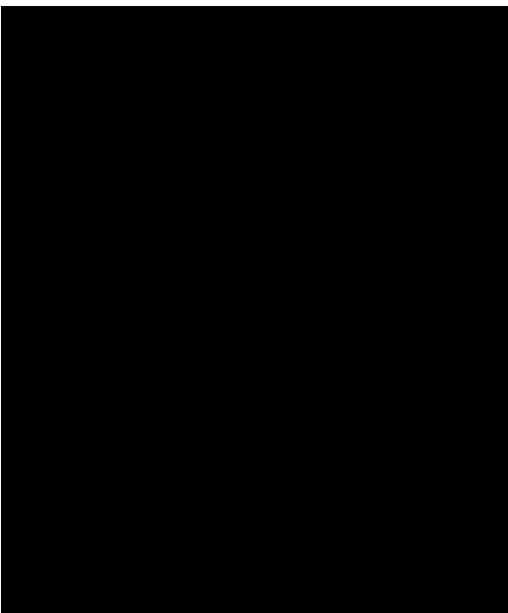
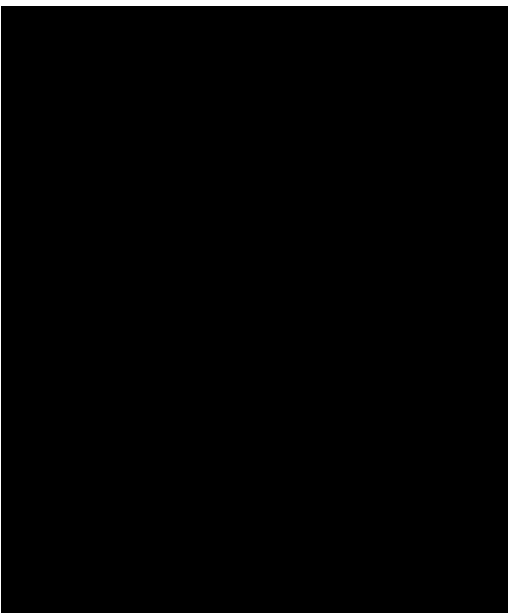
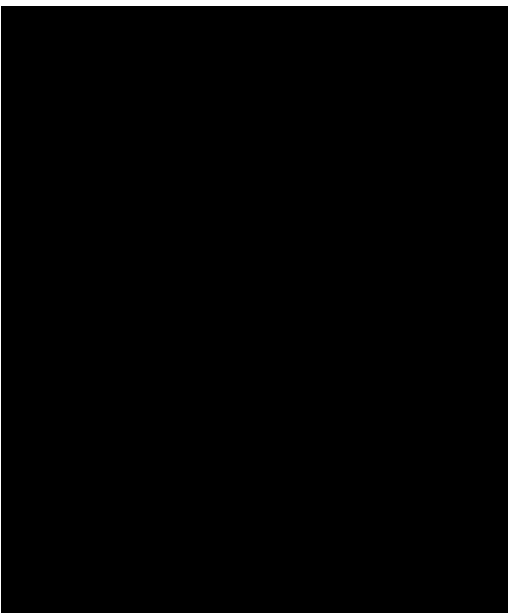
11 (Pages 38 to 41)

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<p style="text-align: right;">Page 42</p> <p>1 Q. Okay. As part of your position,</p> <p>2 are you responsible for implementing and</p> <p>3 revising policies and procedures within your</p> <p>4 company?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 A. I work with the development of the</p> <p>8 policy in writing, along with Mr. Schoen, Tom</p> <p>9 Schoen, to ensure that our policies are</p> <p>10 compliant to rules and regs, and that the</p> <p>11 procedures can best meet those.</p> <p>12 Q. It's you and Mr. Schoen, Thomas</p> <p>13 Schoen, that do that --</p> <p>14 A. And --</p> <p>15 MR. CLARK: Hold on a second.</p> <p>16 Let him finish the question.</p> <p>17 Q. Sorry. That's okay. I was done.</p> <p>18 That's okay.</p> <p>19 MR. CLARK: Objection to</p> <p>20 form.</p> <p>21 Can you read back the</p> <p>22 question --</p> <p>23 A. Repeat that. I'm sorry.</p> <p>24 Q. No. You don't have to be. And</p>	<p style="text-align: right;">Page 44</p> <p>1 of narcotics, who would that be?</p> <p>2 A. That would also include Jim</p> <p>3 Schoen, Jim Schoen, the --</p> <p>4 Q. The assistant?</p> <p>5 A. He is the assistant, but he is --</p> <p>6 he also is the controlled substance handler,</p> <p>7 Schedule II.</p> <p>8 Q. What does that -- we tried to talk</p> <p>9 about his job a little bit ago, but I think --</p> <p>10 A. Well --</p> <p>11 MR. CLARK: Let him finish</p> <p>12 his question.</p> <p>13 Q. Yeah. That's okay. That's how</p> <p>14 it's going to work. Something will come to you.</p> <p>15 It's not a gotcha game. So it's great when that</p> <p>16 happens.</p> <p>17 So tell me -- now that we've</p> <p>18 discussed that, tell me what exactly he does in</p> <p>19 that position based on what you just described.</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 A. Jim is the one who monitors and</p> <p>23 fills controlled substance orders. He's</p> <p>24 responsible for knowing the customer,</p>
<p style="text-align: right;">Page 43</p> <p>1 remember my standing offer for breaks. Whenever</p> <p>2 you get to that point, okay?</p> <p>3 A. I'm getting close.</p> <p>4 Q. Okay. We'll just finish this part</p> <p>5 up, and then we'll go --</p> <p>6 A. Thank you.</p> <p>7 Q. -- unless you just give me the</p> <p>8 look, okay?</p> <p>9 I believe the question was, in</p> <p>10 regards to the development and revision of</p> <p>11 policies and procedures specifically, who was</p> <p>12 involved -- and I thought I understood you to</p> <p>13 say yourself and Thomas Schoen --</p> <p>14 A. Okay.</p> <p>15 Q. -- but I may be incorrect.</p> <p>16 MR. CLARK: Objection to</p> <p>17 form.</p> <p>18 A. And it would be all relevant</p> <p>19 personnel. If it was a warehouse procedure,</p> <p>20 warehouse manager. If it is sales or</p> <p>21 purchasing, it -- relevant personnel.</p> <p>22 Q. How about when we're talking about</p> <p>23 the Controlled Substances Act or the federal</p> <p>24 regulations regarding shipping and/or diversion</p>	<p style="text-align: right;">Page 45</p> <p>1 maintaining education within the field.</p> <p>2 Q. So he would participate in the</p> <p>3 development and/or revision of those policies</p> <p>4 that touched those issues?</p> <p>5 A. Yes.</p> <p>6 MR. CLARK: Objection to</p> <p>7 form.</p> <p>8 Q. Would he be the ultimate one to,</p> <p>9 according to the federal regulations, stop a</p> <p>10 shipment if it's "suspicious"?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 Q. If you know.</p> <p>14 A. He would be part of the process.</p> <p>15 MR. REINS: Take a break?</p> <p>16 You want to take a break?</p> <p>17 MR. CLARK: Yes.</p> <p>18 THE WITNESS: Could I please?</p> <p>19 MR. REINS: Yeah, of course</p> <p>20 you can.</p> <p>21 THE WITNESS: Thank you.</p> <p>22 MR. REINS: Yes, ma'am.</p> <p>23 THE VIDEOGRAPHER: We're</p> <p>24 going off the record at 9:40 a.m.</p>

12 (Pages 42 to 45)

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<p style="text-align: right;">Page 46</p> <p>1 (Recess taken.)</p> <p>2 THE VIDEOGRAPHER: We're back</p> <p>3 on the record at 9:50.</p> <p>4 BY MR. REINS:</p> <p>5 Q. All right. Going back and looking</p> <p>6 at the exhibit here. I think we -- we have</p> <p>7 covered the warehouse manager, Mr. Robert</p> <p>8 Schoen. The next two I think are pretty</p> <p>9 self-explanatory.</p> <p>10 Director of purchasing, what does</p> <p>11 that mean?</p> <p>12 A. Our primary buyer.</p> <p>13 Q. Okay. Can you explain?</p> <p>14 A. John Cromly buys many of our lines</p> <p>15 of -- from the manufacturers and making sure we</p> <p>16 have product.</p> <p>17 Q. How does he do that, if you know?</p> <p>18 MR. CLARK: Objection to</p> <p>19 form.</p> <p>20 A. I know that he places -- you know,</p> <p>21 he looks at usage and he places the orders.</p> <p>22 Q. Okay. How many set of eyes do you</p> <p>23 think in the company looks at an order before it</p> <p>24 gets filled?</p>	<p style="text-align: right;">Page 48</p> <p>1 primary. Or the telemarketer or salesperson can</p> <p>2 enter the order directly into the computer.</p> <p>3 Q. Where does it go from there?</p> <p>4 MR. CLARK: Objection to</p> <p>5 form.</p> <p>6 A. It's either held or it's released</p> <p>7 to a pick slip.</p> <p>8 Q. Tell me -- a pink slip I think.</p> <p>9 A. Pick.</p> <p>10 MR. CLARK: Pick.</p> <p>11 Q. Pick slip. What is a pick slip?</p> <p>12 A. We are a manual wholesaler, so</p> <p>13 it's a piece of paper that has the products</p> <p>14 listed for our pullers to go to the shelves and</p> <p>15 get.</p> <p>16 Q. Okay. So it comes in -- so it</p> <p>17 would come through -- if they did it on the</p> <p>18 website, it would go -- so how would it get to</p> <p>19 the pullers?</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 A. If the order -- if there's no</p> <p>23 reason to stop it, the order would be translated</p> <p>24 to a pick slip, piece of -- physical piece of</p>
<p style="text-align: right;">Page 47</p> <p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. I couldn't say. It depends on how</p> <p>4 the order comes in.</p> <p>5 Q. Sure.</p> <p>6 A. It -- I couldn't say.</p> <p>7 Q. Multiple folks, fair to say?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. A few will see it. I mean, the --</p> <p>11 if it comes in via computer, it can be held, it</p> <p>12 can not be held. The person who pulls it sees</p> <p>13 the order. The person who checks it sees the</p> <p>14 order.</p> <p>15 Q. So if you get it on a computer, is</p> <p>16 it e-mailed? How do you get the order on a</p> <p>17 computer?</p> <p>18 MR. CLARK: Objection to</p> <p>19 form.</p> <p>20 Q. I'll rephrase.</p> <p>21 You mentioned computer. You might</p> <p>22 get an order. Please tell me how that works.</p> <p>23 A. EDI. We have a website. They can</p> <p>24 buy directly on the website. That's our</p>	<p style="text-align: right;">Page 49</p> <p>1 paper, and the pullers take the paper with a</p> <p>2 cart and go and pull the product.</p> <p>3 Q. Who is the one that makes the</p> <p>4 decision whether to stop it?</p> <p>5 MR. CLARK: Objection to</p> <p>6 form.</p> <p>7 </p> <p>8 </p> <p>9 </p> <p>10 </p> <p>11 </p> <p>12 </p> <p>13 </p> <p>14 </p> <p>15 </p> <p>16 </p> <p>17 </p> <p>18 </p> <p>19 </p> <p>20 </p> <p>21 </p> <p>22 </p> <p>23 </p> <p>24 </p>

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<p>Page 50</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>Page 52</p> <p>1 MR. CLARK: Good job.</p> <p>2 MR. REINS: Yeah.</p> <p>3 BY MR. REINS:</p> <p>4 Q. All right. So before I leave you</p> <p>5 here today -- this is probably not going to</p> <p>6 break your heart -- those would be the better</p> <p>7 folks to ask about the threshold limits and the</p> <p>8 criteria?</p> <p>9 A. In my opinion, yes.</p> <p>10 Q. Fair.</p> <p>11 Let's talk about the other things,</p> <p>12 though, the unusual size, unusual frequency.</p> <p>13 And probably not a bad time, because that</p> <p>14 language sounds kind of familiar for me -- to</p> <p>15 me -- to pull up PSI-103.</p> <p>16 This look familiar?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 ---</p> <p>20 (PSI-Harbauer Exhibit 2 marked.)</p> <p>21 ---</p> <p>22 BY MR. REINS:</p> <p>23 Q. So this is going to be -- let me</p> <p>24 withdraw that.</p>
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 Q. No. Don't be.</p> <p>20 MR. CLARK: You've been doing</p> <p>21 well so far.</p> <p>22 MR. REINS: Yeah. I mean,</p> <p>23 that's an amazingly long stretch</p> <p>24 for a rookie.</p>	<p>Page 53</p> <p>1 Ma'am, we're looking now at -- and</p> <p>2 this will be Plaintiff's Exhibit Number 2 to the</p> <p>3 deposition. This is the Code of Federal</p> <p>4 Regulations, which you identified earlier,</p> <p>5 Subsection 1301.74, specifically Subsection (b).</p> <p>6 And we'll be talking about the</p> <p>7 last sentence there, "Suspicious orders include</p> <p>8 orders of unusual size, orders deviating</p> <p>9 substantially from a normal pattern, and orders</p> <p>10 of unusual frequency," kind of the language you</p> <p>11 just used, if not identical, right?</p> <p>12 MR. CLARK: Objection to</p> <p>13 form.</p> <p>14 A. Similar language.</p> <p>15 Q. Fair.</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>

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<p style="text-align: right;">Page 54</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p style="text-align: right;">Page 56</p> <p>1 type of mathematical formula that would trigger</p> <p>2 a review, if you know?</p> <p>3 MR. CLARK: Objection to</p> <p>4 form.</p> <p>5 A. I don't know.</p> <p>6 Q. Okay. Would that be a Jim</p> <p>7 question?</p> <p>8 A. Probably.</p> <p>9 Q. Okay.</p> <p>10 A. Or Kirk.</p> <p>11 Q. Or Kirk.</p> <p>12 And the follow-up to that question</p> <p>13 is, if you know, do you have to exceed the</p> <p>14 threshold in order for this review to take</p> <p>15 place?</p> <p>16 MR. CLARK: Objection to</p> <p>17 form.</p> <p>18 Q. If you know.</p> <p>19 A. I don't know.</p> <p>20 Q. Okay. Going back now to what is</p> <p>21 Exhibit 1, which is PSI-1010, and it's actually</p> <p>22 going to be the third page of that document.</p> <p>23 So now we're looking at a -- do</p> <p>24 you know what this is, let me just say?</p>
<p style="text-align: right;">Page 55</p> <p>1 Q. And that's two really good points.</p> <p>2 Let me start with the first one. The first,</p> <p>3 does Jim see every order?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. The due diligence that you</p> <p>6 spoke to me about, because your uncle had made</p> <p>7 reference that you might be someone that kind of</p> <p>8 is the record keeper or keeping of certain</p> <p>9 documents. Are there documents to reflect the</p> <p>10 due diligence was actually done?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 A. The controlled substance</p> <p>14 questionnaire is there. I don't do the actual</p> <p>15 in-depth investigation. That's Jim Schoen, and</p> <p>16 so you would have to ask him.</p> <p>17 Q. And that's fair. You'll never</p> <p>18 hurt my feelings if you say that. Don't abuse</p> <p>19 it, though, just because you want to leave here</p> <p>20 today.</p> <p>21 The -- understanding everything</p> <p>22 you just said, is there not a trigger in the</p> <p>23 system, if you know, that if there is a certain</p> <p>24 percentage of an increase in an order or certain</p>	<p style="text-align: right;">Page 57</p> <p>1 A. Yes.</p> <p>2 Q. What is it?</p> <p>3 A. It's an organizational chart of</p> <p>4 the company.</p> <p>5 Q. Yes, ma'am. And so we've got at</p> <p>6 the top the board of directors, which is your</p> <p>7 uncle and your mother; is that correct?</p> <p>8 A. Correct.</p> <p>9 Q. Are they the only two board</p> <p>10 members?</p> <p>11 A. They're the officers of the</p> <p>12 company and the board members.</p> <p>13 Q. Okay. Are there any other board</p> <p>14 members, if you know?</p> <p>15 A. Not to my knowledge.</p> <p>16 Q. Okay.</p> <p>17 MR. CLARK: Lance, before you</p> <p>18 go on --</p> <p>19 MR. REINS: Sure.</p> <p>20 MR. CLARK: -- can I ask a</p> <p>21 housekeeping question?</p> <p>22 MR. REINS: Yeah.</p> <p>23 MR. CLARK: The document has</p> <p>24 two different Bates numbers and</p>

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<p style="text-align: right;">Page 58</p> <p>1 you're referring to the one up top.</p> <p>2 MR. REINS: I am.</p> <p>3 MR. CLARK: I'm not sure</p> <p>4 where that comes from.</p> <p>5 MR. REINS: Yeah. So we have</p> <p>6 internal numbers. I'm happy to use</p> <p>7 the other one. I can identify it</p> <p>8 for Zach, and then we can use the</p> <p>9 other one for the record as well.</p> <p>10 MR. CLARK: If we can just</p> <p>11 clarify, just so if we're looking</p> <p>12 back at exhibits --</p> <p>13 MR. REINS: Absolutely.</p> <p>14 MR. CLARK: -- I'll know</p> <p>15 we'll have the exhibits.</p> <p>16 MR. REINS: So to be clear,</p> <p>17 those are your Bates numbers on the</p> <p>18 bottom, correct?</p> <p>19 MR. CLARK: Correct.</p> <p>20 MR. REINS: So Exhibit No. 1</p> <p>21 is Bates numbered PSI-145 through</p> <p>22 147. We're looking at 147 right</p> <p>23 now.</p> <p>24 MR. CLARK: Thank you.</p>	<p style="text-align: right;">Page 60</p> <p>1 MR. CLARK: Same objection.</p> <p>2 A. You have to categorize, so that's</p> <p>3 how they broke it down.</p> <p>4 Q. You do report directly to your</p> <p>5 mother?</p> <p>6 A. And to Tom.</p> <p>7 Q. And to Tom. Okay. And then</p> <p>8 Mr. Buck we've kind of talked about -- have we</p> <p>9 talked about Mr. Buck's position? Controller.</p> <p>10 No, I don't think we did.</p> <p>11 What's his position?</p> <p>12 A. He oversees the accounting</p> <p>13 department and controller AP.</p> <p>14 Q. Okay. All right. Let me just</p> <p>15 look and see if there's anything else. I think</p> <p>16 we've talked about the other folks for the most</p> <p>17 part.</p> <p>18 Order checker, what do those folks</p> <p>19 do?</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 Q. Do you see them there in the</p> <p>23 middle?</p> <p>24 A. When an order has been manually</p>
<p style="text-align: right;">Page 59</p> <p>1 MR. REINS: Yeah, of course.</p> <p>2 BY MR. REINS:</p> <p>3 Q. And then obviously underneath</p> <p>4 that -- and we're not going over the things</p> <p>5 we've already established, but under Mr. Schoen,</p> <p>6 Thomas Schoen, that is, there are several</p> <p>7 positions, and then I think you did this -- it</p> <p>8 was helpful. You've already kind of covered</p> <p>9 this, which is, you're on your -- and I don't</p> <p>10 mean this lightly. I mean it's your mother,</p> <p>11 Ms. Harbauer's side of the chart; is that right?</p> <p>12 A. Correct.</p> <p>13 Q. And what do we call -- that right</p> <p>14 side of the chart where you're under and</p> <p>15 Mr. Buck is under, is this more the regulatory</p> <p>16 side then?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 Q. Or you could characterize it some</p> <p>20 other way if it's more appropriate.</p> <p>21 A. It really isn't the regulatory</p> <p>22 side. It has to do more with secretarial and</p> <p>23 treasurer.</p> <p>24 Q. Chain of command, right, I guess?</p>	<p style="text-align: right;">Page 61</p> <p>1 pulled, it's sent down the run.</p> <p>2 (Reporter clarification.)</p> <p>3 A. The pick slip is scanned into the</p> <p>4 computer with a bar code, and then each product</p> <p>5 bar code is scanned to verify accuracy of the</p> <p>6 order fulfillment.</p> <p>7 BY MR. REINS:</p> <p>8 Q. Got it.</p> <p>9 Fleet manager?</p> <p>10 A. We deliver locally with our own</p> <p>11 set of cars. He's responsible for overseeing</p> <p>12 vehicles.</p> <p>13 Q. Okay. The other states, how do</p> <p>14 you get the drugs there?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 Q. The other states, how do you get</p> <p>18 the products there? I'm sorry.</p> <p>19 A. Common carrier.</p> <p>20 MR. CLARK: Same objection.</p> <p>21 Go ahead.</p> <p>22 A. Common carrier.</p> <p>23 Q. Okay. All right. Thank you. I</p> <p>24 think we're done with this one. I'll hand these</p>

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Page 62	Page 64
<p>1 over so I don't misplace them.</p> <p>2 We did take your uncle's</p> <p>3 deposition. He was actually specifically</p> <p>4 delegated -- designated as a 30(b)</p> <p>5 representative to speak on behalf of the</p> <p>6 company. I'd like to look at, if we could, from</p> <p>7 that deposition, PSI-1006, page 66.</p> <p>8 Starting at line 11. His</p> <p>9 testimony was -- and going to line 21. Yes.</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>
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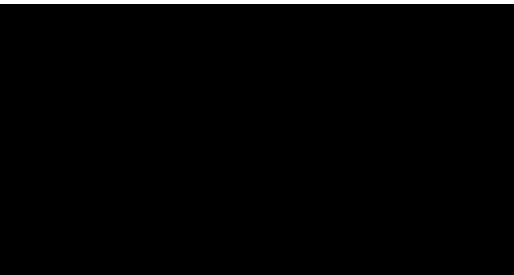
17 (Pages 62 to 65)

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Page 67	Page 69
<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>	<div>1 A. Yes.</div> <div>2 Q. We are going to look at --</div> <div>3 MR. REINS: So, Zach, for</div> <div>4 your purposes, PSI-4040.</div> <div>5 For record purposes, PSI-648.</div> <div>6 And, folks, I have hard copies. If</div> <div>7 anybody wants one, just let me</div> <div>8 know, but --</div> <div>9 Q. All right. So we're --</div> <div>10 MR. CLARK: I'll take a hard</div> <div>11 copy.</div> <div>12 MR. REINS: Oh, absolutely.</div> <div>13 MR. CLARK: Thank you.</div> <div>14 BY MR. REINS:</div> <div>15 Q. So we are going to talk here</div> <div>16 about -- this one is called Prescription Supply,</div> <div>17 Inc. This is Inventory Controls, and obviously</div> <div>18 that's the document name. And then underneath</div> <div>19 it says "Document control number: WP-1."</div> <div>20 Do you know what that is</div> <div>21 indicative of?</div> <div>22 A. Warehouse procedure 1.</div> <div>23 Q. Gotcha. And forgive me. I don't</div> <div>24 believe we have it, but if we have, I apologize,</div>

18 (Pages 66 to 69)

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<p style="text-align: right;">Page 70</p> <p>1 but -- so obviously there are warehouse policies</p> <p>2 and procedures. Do you know how many there are?</p> <p>3 MR. CLARK: Objection. Form.</p> <p>4 Q. Let me ask a better question.</p> <p>5 There's a table of contents, correct?</p> <p>6 MR. CLARK: Same objection.</p> <p>7 A. All the policies and -- the</p> <p>8 written policies and procedures we have are in</p> <p>9 the documents that have been provided.</p> <p>10 Q. Just to cover myself, there are</p> <p>11 warehouse policies and procedures. Are there</p> <p>12 other department policies and procedures?</p> <p>13 MR. CLARK: Same objection.</p> <p>14 A. For example, human resources, HR1,</p> <p>15 2, or 3, background checks, those types of</p> <p>16 things.</p> <p>17 Q. Got it.</p> <p>18 A. So the control number was placed</p> <p>19 simply for organizational purposes.</p> <p>20 Q. What do you mean?</p> <p>21 A. The document -- so that -- it was</p> <p>22 easier to reference.</p> <p>23 Q. How many WPs are there?</p> <p>24 A. I believe 13 or 14.</p>	<p style="text-align: right;">Page 72</p> <p>1 mean it wasn't reviewed.</p> <p>2 Q. Gotcha. So it was reviewed</p> <p>3 annually but the first time it was revised was</p> <p>4 2008?</p> <p>5 A. Correct.</p> <p>6 MR. CLARK: Objection to</p> <p>7 form. Give me a second.</p> <p>8 THE WITNESS: Yes. Thank</p> <p>9 you.</p> <p>10 MR. REINS: Got it.</p> <p>11 I'm going to -- if there</p> <p>12 isn't a request out there -- and</p> <p>13 that would be my ignorance -- but I</p> <p>14 will simply put and make it known</p> <p>15 that we're going to want those,</p> <p>16 whatever is available in the cloud,</p> <p>17 to try to determine the revisions</p> <p>18 that have been made historically,</p> <p>19 okay?</p> <p>20 MR. CLARK: We'll take it</p> <p>21 under advisement.</p> <p>22 MR. REINS: Sure. Yeah. I</p> <p>23 know you're not agreeing, but I</p> <p>24 guess finding out what's out there</p>
<p style="text-align: right;">Page 71</p> <p>1 Q. And those have developed over the</p> <p>2 years?</p> <p>3 A. Correct.</p> <p>4 Q. For instance, this one was -- the</p> <p>5 effective date is June 2000, meaning that's when</p> <p>6 it first became -- came into effect, correct?</p> <p>7 A. Correct.</p> <p>8 Q. Now, if we wanted to see --</p> <p>9 there's a number of revision dates there. If we</p> <p>10 wanted to know what was revised specifically in</p> <p>11 accordance with a particular date, do you have</p> <p>12 the older versions so that we can compare to see</p> <p>13 what was added and/or edited?</p> <p>14 MR. CLARK: Objection to</p> <p>15 form.</p> <p>16 A. There may be some if it was saved</p> <p>17 to the cloud. And all documents were not always</p> <p>18 saved to the cloud originally back then. The</p> <p>19 revision dates coincide with annual reviews.</p> <p>20 Q. Well, you say "annual reviews,"</p> <p>21 but there's not a revision date until 2008,</p> <p>22 which would be eight years after it was</p> <p>23 created, correct?</p> <p>24 A. A revision date. That doesn't</p>	<p style="text-align: right;">Page 73</p> <p>1 is going to be the first step.</p> <p>2 BY MR. REINS:</p> <p>3 Q. All right. So this policy says,</p> <p>4 "Prescription Supply, Inc. will monitor</p> <p>5 inventory for cyclical accounts."</p> <p>6 What does that mean?</p> <p>7 A. We do inventory checks on lines on</p> <p>8 a regular basis so that we are not overstocking</p> <p>9 product. So we do counts -- they're cyclical in</p> <p>10 that they're every month or every two months or</p> <p>11 whatever.</p> <p>12 Q. Okay. Suspicious purchases and</p> <p>13 losses, I think we've covered that as best we</p> <p>14 can.</p> <p>15 Theft or otherwise missing</p> <p>16 products.</p> <p>17 </p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>

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20 (Pages 74 to 77)

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<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 that -- in fairness to you, I know what this</p> <p>2 says, but you've testified here today honestly,</p> <p>3 correct?</p> <p>4 A. Absolutely.</p> <p>5 Q. So meaning -- and what I mean by</p> <p>6 that is, even though it says your position,</p> <p>7 you've really elaborated for us the folks that</p> <p>8 are truly involved in maintaining these records,</p> <p>9 correct?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. They are also -- yeah. They're --</p> <p>13 they are involved in the process, yes.</p> <p>14 Q. Heavily involved, respectfully?</p> <p>15 MR. CLARK: Same objection.</p> <p>16 A. I would agree with that.</p> <p>17 Q. Okay. We saw the quote, and you</p> <p>18 agreed with it, from your uncle's deposition</p> <p>19 that -- regarding the shipping requirement or</p> <p>20 the prevention of shipping in certain instances.</p> <p>21 I have a hard copy of this document just so you</p> <p>22 can take a look at it.</p> <p>23 I don't see anything in this</p> <p>24 policy and procedure -- and I'm not here to rush</p>
Page 79	Page 81
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 Q. "DR" -- this is the third full</p> <p>7 paragraph, "DR/DR supervisor shall jointly</p> <p>8 review all reports and information approving</p> <p>9 necessary changes, formulating and carrying out</p> <p>10 all internal investigations, recommending and</p> <p>11 establishing necessary procedural changes,</p> <p>12 notifying all applicable agencies, which are</p> <p>13 identified therein, storage of records as</p> <p>14 required by law for at least six years."</p> <p>15 Again, that would be Jim, Kirk,</p> <p>16 correct?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. It says "DR/DR supervisor." I'm</p> <p>20 not clear on your question.</p> <p>21 Q. Who is it referring to, the DR/DR</p> <p>22 supervisor?</p> <p>23 A. Tom and myself.</p> <p>24 Q. Okay. But I think we've covered</p>	<p>1 you, so take -- I'm sure you've seen this</p> <p>2 before, this policy?</p> <p>3 A. I have.</p> <p>4 Q. Okay. Maybe even in preparation</p> <p>5 for today. So my question to you is, I did not</p> <p>6 see anything in here regarding the shipping</p> <p>7 requirement.</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 Q. First question is, am I correct?</p> <p>11 MR. CLARK: Same objection.</p> <p>12 A. The shipping requirement?</p> <p>13 Q. Meaning stopping orders from being</p> <p>14 shipped for unusual activity, "suspicious</p> <p>15 orders."</p> <p>16 MR. CLARK: Objection to</p> <p>17 form.</p> <p>18 A. I would have to reread this</p> <p>19 thoroughly. I believe more specifically it's</p> <p>20 covered under a different procedure.</p> <p>21 Q. And that was going to be my next</p> <p>22 question. Do you know what procedure that would</p> <p>23 be?</p> <p>24 MR. CLARK: Objection to</p>

21 (Pages 78 to 81)

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<p>1 form.</p> <p>2 A. I believe it's the controlled</p> <p>3 substance.</p> <p>4 Q. Okay.</p> <p>5 A. I don't recall the number,</p> <p>6 document control number.</p> <p>7 Q. We'll get there. I think I have</p> <p>8 that one. So my -- let me just finish up with</p> <p>9 this one.</p> <p>10 Was there any policies and</p> <p>11 procedures dealing with these issues that are</p> <p>12 dealt with in here, suspicious orders,</p> <p>13 reporting, things of that nature, before June of</p> <p>14 2000?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 A. There were no written policies.</p> <p>18 Q. Okay. Were there non-written</p> <p>19 ones?</p> <p>20 MR. CLARK: Same objection.</p> <p>21 Q. If you know.</p> <p>22 A. I believe so, because we -- again,</p> <p>23 I'm not filling the orders, so I --</p> <p>24 Q. Okay. Fair enough.</p>	<p>1 deposition, this is 1006, page 155, line 12. He</p> <p>2 was asked the question, specifically your uncle,</p> <p>3 in the deposition:</p> <p>4 "Do you know if Prescription</p> <p>5 Supply has maintained copies from the original</p> <p>6 of June of 2000?</p> <p>7 "I don't know.</p> <p>8 "Who would be the best person at</p> <p>9 Prescription Supply to ask. Any idea?</p> <p>10 "Well, yeah. I mean the --</p> <p>11 "And what I'm looking for, is</p> <p>12 there someone that would just deal with this</p> <p>13 administrative stuff, that may be --</p> <p>14 Answer, "Candy would have -- Candy</p> <p>15 Harbauer would have probably been doing most of</p> <p>16 this."</p> <p>17 You've testified to the best of</p> <p>18 your abilities as to what you recall, correct?</p> <p>19 MR. CLARK: Objection to the</p> <p>20 preamble.</p> <p>21 Go on.</p> <p>22 Q. Are you Candy?</p> <p>23 A. I am.</p> <p>24 Q. Okay. Fair enough.</p>
Page 83	Page 85
<p>1 MR. CLARK: Are you finished?</p> <p>2 Were you done?</p> <p>3 THE WITNESS: Yeah.</p> <p>4 BY MR. REINS:</p> <p>5 Q. But you're not aware of any</p> <p>6 written procedures prior to this one, correct?</p> <p>7 MR. CLARK: Objection to</p> <p>8 form.</p> <p>9 A. That is correct.</p> <p>10 Q. And if I wanted to -- given the</p> <p>11 time frame you told me you came back, you're not</p> <p>12 the one to ask if there are policies that are</p> <p>13 unwritten, correct?</p> <p>14 MR. CLARK: Same objection.</p> <p>15 A. Tom and Jackie -- Tom -- well, Tom</p> <p>16 primarily would -- is the one.</p> <p>17 Q. Okay.</p> <p>18 MR. REINS: We'll make that</p> <p>19 Exhibit 3.</p> <p>20 ---</p> <p>21 (PSI-Harbauer Exhibit 3 marked.)</p> <p>22 ---</p> <p>23 BY MR. REINS:</p> <p>24 Q. So if we go back to his</p>	<p>1 All right. I do want to talk</p> <p>2 about -- there's -- the next policy and</p> <p>3 procedure.</p> <p>4 MR. REINS: And this is going</p> <p>5 to be, Zach, for you, this is PSI</p> <p>6 1007.</p> <p>7 For record purposes, it's PSI</p> <p>8 653.</p> <p>9 BY MR. REINS:</p> <p>10 Q. All right. And here's the one I</p> <p>11 think we're talking about, controlled</p> <p>12 substances. And you said, I think there's</p> <p>13 another one that deals with that, right? The</p> <p>14 issue of the shipment issue, correct?</p> <p>15 A. Correct.</p> <p>16 Q. Now, I'm going to -- this is a</p> <p>17 short one. So I'm going to give you a hard</p> <p>18 copy.</p> <p>19 A. Thank you.</p> <p>20 Q. You're welcome.</p> <p>21 This will be Plaintiff's</p> <p>22 Exhibit 4. And correct me if I'm wrong. I</p> <p>23 don't see it in -- anything about shipping or</p> <p>24 stopping shipments regarding suspicious orders</p>

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<p style="text-align: right;">Page 86</p> <p>1 in here?</p> <p>2 A. I -- as I quickly scan this, I</p> <p>3 concur it's not written there.</p> <p>4 Q. Okay.</p> <p>5 A. I know it's written. I just can't</p> <p>6 tell you where.</p> <p>7 Q. I'll just put on the record that</p> <p>8 if you have a policy that deals with that, if</p> <p>9 you could produce it to us.</p> <p>10 Now, there is one we're going</p> <p>11 to -- there's one more we're talking about,</p> <p>12 which we'll talk about it in a minute. But</p> <p>13 these were all the ones that were in effect in</p> <p>14 2000, correct?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 A. These were written --</p> <p>18 Q. Yes.</p> <p>19 A. -- in 2000.</p> <p>20 Q. Okay. And this is WP-2, so this</p> <p>21 would be the warehouse policy number 2, correct?</p> <p>22 A. Correct.</p> <p>23 Q. I think it kind of touches on what</p> <p>24 we just went over, correct, the other policy,</p>	<p style="text-align: right;">Page 88</p> <p>1 Q. Okay.</p> <p>2 A. -- of orders of interest. The</p> <p>3 threshold system stops orders.</p> <p>4 Q. Okay. Do you know -- other than</p> <p>5 the reporting that Kirk did, are you aware of</p> <p>6 any other documents that were created regarding</p> <p>7 potential concerns in regarding to ordering?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. Can you explain your question a</p> <p>11 little more for me.</p> <p>12 Q. Yeah. Of course. Are there --</p> <p>13 were there any other documents generated as a</p> <p>14 result of what we just read, if you know?</p> <p>15 MR. CLARK: Same objection.</p> <p>16 A. The variance reports, you'd have</p> <p>17 to ask -- because I'm not dealing with it. I</p> <p>18 know we have other forms that are used by Jim</p> <p>19 Schoen.</p> <p>20 Q. Okay. That is exactly what I was</p> <p>21 trying to ask you, so thank you.</p> <p>22 That's Exhibit Number 4.</p> <p>23 ---</p> <p>24 (PSI-Harbauer Exhibit 4 marked.)</p>
<p style="text-align: right;">Page 87</p> <p>1 for the most part?</p> <p>2 MR. CLARK: Objection. Form.</p> <p>3 A. I don't understand your question.</p> <p>4 Q. Let me withdraw it and rephrase.</p> <p>5 Under "Responsibilities," third</p> <p>6 paragraph, it says, "IT manager shall compile</p> <p>7 reports monthly regarding purchases of</p> <p>8 controlled substances, threshold limits and</p> <p>9 suspicious order monitoring."</p> <p>10 Next paragraph, "DR/DR</p> <p>11 supervisor" -- that's you, and your uncle,</p> <p>12 correct?</p> <p>13 A. Correct.</p> <p>14 Q. -- "shall review all relevant</p> <p>15 purchase and sales reports, consult with IT</p> <p>16 manager for necessary changes and handle any</p> <p>17 concerns or problems as they arise."</p> <p>18 If he saw something suspicious or</p> <p>19 if he saw an order of concern, he should have</p> <p>20 advised you, correct?</p> <p>21 MR. CLARK: Objection to</p> <p>22 form.</p> <p>23 A. When Kirk was doing the variance</p> <p>24 reports, yes, he did advise Tom of concerns --</p>	<p style="text-align: right;">Page 89</p> <p>1 ---</p> <p>2 BY MR. REINS:</p> <p>3 Q. Same question, just to finish up</p> <p>4 on that policy, whether there were policies</p> <p>5 regarding that particular issues covered in</p> <p>6 there before 2000, you would be -- you're not</p> <p>7 aware of any written policies, correct?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. I am not aware of any written</p> <p>11 policies prior to that.</p> <p>12 Q. Okay. We'll move on to another</p> <p>13 policy that has been produced to us. This might</p> <p>14 be the one you were thinking of. It's called</p> <p>15 "The REMS do not ship program."</p> <p>16 I'm going to hand that to you so</p> <p>17 you have a hard copy. This will be Plaintiffs'</p> <p>18 Exhibit Number 5.</p> <p>19 ---</p> <p>20 (PSI-Harbauer Exhibit 5 marked.)</p> <p>21 ---</p> <p>22 BY MR. REINS:</p> <p>23 Q. Take a moment and look it over.</p> <p>24 And I'm just going to level with you. I did not</p>

23 (Pages 86 to 89)

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<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>	<div>1 [REDACTED]</div> <div>2 [REDACTED]</div> <div>3 [REDACTED]</div> <div>4 [REDACTED]</div> <div>5 [REDACTED]</div> <div>6 [REDACTED]</div> <div>7 [REDACTED]</div> <div>8 [REDACTED]</div> <div>9 [REDACTED]</div> <div>10 [REDACTED]</div> <div>11 [REDACTED]</div> <div>12 [REDACTED]</div> <div>13 [REDACTED]</div> <div>14 [REDACTED]</div> <div>15 [REDACTED]</div> <div>16 [REDACTED]</div> <div>17 [REDACTED]</div> <div>18 [REDACTED]</div> <div>19 [REDACTED]</div> <div>20 [REDACTED]</div> <div>21 [REDACTED]</div> <div>22 [REDACTED]</div> <div>23 [REDACTED]</div> <div>24 [REDACTED]</div>
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24 (Pages 90 to 93)

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<p style="text-align: right;">Page 94</p> <p>1 spring, or the October one.</p> <p>2 Q. Let's take them one at a time.</p> <p>3 A. Okay.</p> <p>4 Q. The one in spring of what year?</p> <p>5 A. Was it 2017, I believe?</p> <p>6 Q. Right.</p> <p>7 A. I think --</p> <p>8 Q. Do you -- so go ahead. Yes,</p> <p>9 ma'am. Were you involved in that one? Sorry.</p> <p>10 A. I was asked to present documents</p> <p>11 of policies and procedures. I was asked</p> <p>12 information about continuing education. As I</p> <p>13 recall, that's predominantly -- I was basically</p> <p>14 pulled in and out.</p> <p>15 Q. Okay. Limited involvement?</p> <p>16 A. Yes.</p> <p>17 Q. Specifically regarding the</p> <p>18 policies?</p> <p>19 A. Correct.</p> <p>20 MR. CLARK: Objection to</p> <p>21 form.</p> <p>22 Q. Were there policies that you</p> <p>23 provided to them that we haven't looked at</p> <p>24 today?</p>	<p style="text-align: right;">Page 96</p> <p>1 A. In the spring?</p> <p>2 Q. The one you were just speaking of.</p> <p>3 A. I believe they were just coming in</p> <p>4 for a routine inspection. They had not been</p> <p>5 there since we moved into the building.</p> <p>6 Q. All right. And then when was the</p> <p>7 second one that you were referencing?</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 A. We -- in the fall, we received a</p> <p>11 investigation, I guess is the word. They were</p> <p>12 requesting information about some specific</p> <p>13 pharmacies.</p> <p>14 Q. Do you know what the outcome of</p> <p>15 that investigation -- well, first of all, were</p> <p>16 you involved in that investigation?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form.</p> <p>19 A. What I did was to basically</p> <p>20 compile the information, type the responses and</p> <p>21 submit them.</p> <p>22 Q. You typed them?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>
<p style="text-align: right;">Page 95</p> <p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. You have all our policies.</p> <p>4 Q. Okay. But did you speak with them</p> <p>5 about any policies that we didn't talk about</p> <p>6 here today?</p> <p>7 MR. CLARK: Objection to</p> <p>8 form.</p> <p>9 A. I do not recall. I do not believe</p> <p>10 so.</p> <p>11 Q. Are there separate policies and</p> <p>12 procedures regarding the compliance of the state</p> <p>13 regulations versus the federal regulations, are</p> <p>14 there -- or should they be compiled in both?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 A. You have all the policies and</p> <p>18 everything is one --</p> <p>19 Q. Policy?</p> <p>20 A. -- policy.</p> <p>21 Q. Okay. Do you know what they were</p> <p>22 investigating in the spring?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>	<p style="text-align: right;">Page 97</p> <p>1 Q. I'm sorry. You were the one who</p> <p>2 actually responded, or was it Tom?</p> <p>3 MR. CLARK: Same objection.</p> <p>4 A. As a small company, we interface.</p> <p>5 Q. Okay.</p> <p>6 A. And so it's all together. I mean,</p> <p>7 we -- we talk about it. We formulate it. I do</p> <p>8 the physical typing. He reviews.</p> <p>9 Q. Okay. Did you verify the</p> <p>10 information before you typed it?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 A. I received the information from</p> <p>14 sales history, reporting that they pulled up, or</p> <p>15 from Jim Schoen and his information, and from</p> <p>16 Tom.</p> <p>17 Q. Gotcha. So you were more of a</p> <p>18 facilitator of the information, not the</p> <p>19 originator, so to speak?</p> <p>20 A. That's a fair statement.</p> <p>21 Q. Okay. Do you know what the</p> <p>22 outcome was of that?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>

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<p>1 A. I understand that they replied</p> <p>2 back, and then my assumption and my opinion was</p> <p>3 that -- that there were no -- they understood</p> <p>4 what the explanations were and it was</p> <p>5 satisfactory because there was no responses</p> <p>6 after that.</p> <p>7 Q. Do you know that to be true,</p> <p>8 meaning, did you ever see any documentation</p> <p>9 either clearing the company or finding no</p> <p>10 deficiencies?</p> <p>11 MR. CLARK: Objection to</p> <p>12 form.</p> <p>13 Q. Meaning -- no disrespect, but</p> <p>14 there might have been something that came</p> <p>15 through the course of correspondence that you</p> <p>16 may not have seen, for whatever reason. But</p> <p>17 have you ever seen anything in writing clearing</p> <p>18 the company?</p> <p>19 MR. CLARK: Objection to</p> <p>20 form.</p> <p>21 A. Boy. I honestly can't tell you</p> <p>22 whether there was a final e-mail that said thank</p> <p>23 you very much. You know, that's very probable,</p> <p>24 but I couldn't swear to it one way or the other.</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>
Page 99	
<p>1 Q. Fair.</p> <p>2 A. I know -- that's fine.</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>

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<p style="text-align: right;">Page 102</p> <p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 Q. And I had a feeling. I'm going to</p> <p>8 take those back. And I will attach not -- well,</p> <p>9 yeah, I will attach it so we know what we have</p> <p>10 looked at.</p> <p>11 MR. CLARK: When you have a</p> <p>12 good moment to break, I'd like to</p> <p>13 take another five minutes.</p> <p>14 MR. REINS: Yeah. I'll tell</p> <p>15 you, though, I'm getting -- I'm</p> <p>16 almost done, for what it's worth.</p> <p>17 MR. CLARK: Can we still do a</p> <p>18 five-minute break?</p> <p>19 MR. REINS: Oh, yeah, of</p> <p>20 course. Let's do it now.</p> <p>21 MR. CLARK: Okay. Good.</p> <p>22 THE VIDEOGRAPHER: We're</p> <p>23 going off the record at 10:45.</p> <p>24 (Recess taken.)</p>	<p style="text-align: right;">Page 104</p> <p>1 should have said this a while ago. It's not</p> <p>2 just let me finish. It's your attorney wants to</p> <p>3 object potentially.</p> <p>4 A. I understand.</p> <p>5 Q. So it's kind of a me finish and a</p> <p>6 pause and then answer, so ... and that's my</p> <p>7 fault. I should have said that before.</p> <p>8 There's no way you remember my</p> <p>9 question, so let me go ahead and rephrase it.</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>
<p style="text-align: right;">Page 103</p> <p>1 THE VIDEOGRAPHER: We're back</p> <p>2 on the record at 10:53.</p> <p>3 BY MR. REINS:</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 MR. CLARK: Hold on a second.</p> <p>22 Let him finish.</p> <p>23 Objection to form.</p> <p>24 Q. So I think -- and this is -- I</p>	<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 Q. All right. I'm going to show you</p> <p>6 now --</p> <p>7 MR. REINS: This is going to</p> <p>8 be, Zach, PSI-301. Record</p> <p>9 purposes -- no, we're going to go</p> <p>10 with that. That's a real long</p> <p>11 number. It will ultimately be</p> <p>12 Exhibit Number 7.</p> <p>13 ---</p> <p>14 (PSI-Harbauer Exhibit 7 marked.)</p> <p>15 ---</p> <p>16 BY MR. REINS:</p> <p>17 Q. You're free to -- I'll give you a</p> <p>18 hard copy.</p> <p>19 A. Thank you.</p> <p>20 Q. All right. So we're going to now</p> <p>21 look at -- and I'll tell you a little bit of</p> <p>22 background, because you're going to say, "Why am</p> <p>23 I looking at this?"</p> <p>24 This document was specifically</p>

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<p>1 mailed out to all of the distributors. It's</p> <p>2 been my understanding, stipulated, that PSI also</p> <p>3 received one of these, but you all don't have a</p> <p>4 copy anymore so we're using this one as a go by</p> <p>5 because we believe the language is standard,</p> <p>6 okay?</p> <p>7 A. I accept that.</p> <p>8 Q. Okay. Fair enough.</p> <p>9 MR. CLARK: I object to the</p> <p>10 form. But go ahead.</p> <p>11 Q. Hopefully I didn't misstate that.</p> <p>12 So this is going to be dated</p> <p>13 September 27, 2006, and this is going to be</p> <p>14 basically from the Department of -- I'm sorry.</p> <p>15 U.S. Department of Justice Drug Enforcement</p> <p>16 Agency Administration. Take a moment and look</p> <p>17 it over because my first question is going to</p> <p>18 be, do you recall this, receiving this letter?</p> <p>19 MR. CLARK: Before you</p> <p>20 answer, I object to the form.</p> <p>21 MR. REINS: You certainly</p> <p>22 find me objectionable, sir.</p> <p>23 MR. CLARK: Nothing personal.</p> <p>24 MR. REINS: None taken.</p>	<p>1 2006 regarding a number of things, including</p> <p>2 shipping requirements. Do you recall ever</p> <p>3 having a conversation with anybody within your</p> <p>4 company about this letter in relation to the</p> <p>5 existing policies and procedures?</p> <p>6 MR. CLARK: Objection. Form.</p> <p>7 A. I, having not seen the letter,</p> <p>8 can't -- would not have discussed it.</p> <p>9 Q. Thank you.</p> <p>10 MR. CLARK: Did you mark</p> <p>11 this?</p> <p>12 MR. REINS: I did, Number 7.</p> <p>13 MR. CLARK: Okay.</p> <p>14 MR. REINS: Did you get a</p> <p>15 copy? Yeah.</p> <p>16 MR. CLARK: I did. Thank</p> <p>17 you.</p> <p>18 MR. REINS: Madam court</p> <p>19 reporter, I accidentally gave you</p> <p>20 my highlighted copy. Can you</p> <p>21 restamp it? Make a copy of it. I</p> <p>22 don't like the highlighting in the</p> <p>23 record.</p> <p>24 ---</p>
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<p>1 A. Just reading the first few</p> <p>2 paragraphs, I can tell you I don't believe I</p> <p>3 have seen this document.</p> <p>4 Q. Fair enough.</p> <p>5 My second question is going to</p> <p>6 build off of that but it may not make sense</p> <p>7 based on what you just said. But there were</p> <p>8 some revisions not before 2008. I know you said</p> <p>9 you would review the policies and procedures</p> <p>10 annually.</p> <p>11 Let me start again, okay, so we</p> <p>12 get a clean -- so let me shift gears, okay.</p> <p>13 You testified earlier that you</p> <p>14 would review the company's policies and</p> <p>15 procedures annually; am I correct?</p> <p>16 A. That is correct.</p> <p>17 Q. You said that doesn't necessarily</p> <p>18 mean we would revise it, and there were no</p> <p>19 revisions, according to the policies and</p> <p>20 procedures we discussed, before December of</p> <p>21 2008, I'll represent to you.</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 Q. This letter was in September of</p>	<p>1 (PSI-Harbauer Exhibit 8 marked.)</p> <p>2 ---</p> <p>3 BY MR. REINS:</p> <p>4 Q. All right. So this is another one</p> <p>5 that was done December of the following year.</p> <p>6 This will be Plaintiff's Exhibit Number 8. And</p> <p>7 you probably know we're going to treat it the</p> <p>8 same way. This was December 27, 2007. This is</p> <p>9 again by the DEA regarding the rules and</p> <p>10 regulations regarding controlled substances and</p> <p>11 the duties and obligations.</p> <p>12 And so my question to you will be,</p> <p>13 do you recall reviewing this one?</p> <p>14 MR. CLARK: Objection to</p> <p>15 form.</p> <p>16 A. I do not recall, to the best of my</p> <p>17 knowledge, after just scanning this, that I saw</p> <p>18 this.</p> <p>19 Q. Fair to say, then, that you do not</p> <p>20 have a recollection or belief that this was</p> <p>21 contemplated in regards to amending or revising</p> <p>22 the policies and procedures for the company?</p> <p>23 MR. CLARK: Objection to</p> <p>24 form.</p>

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Page 110	Page 112
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 [REDACTED]</p> <p>23 [REDACTED]</p> <p>24 [REDACTED]</p>	<p>1 MR. CLARK: Objection to</p> <p>2 form.</p> <p>3 A. The whole Controlled Substances</p> <p>4 Act is to help regulate and to follow these</p> <p>5 regulations, and if I -- that letter appeared to</p> <p>6 be a further explanation of that process; is</p> <p>7 that correct?</p> <p>8 Q. That's correct.</p> <p>9 A. Okay.</p> <p>10 Q. I guess what -- and I'm not</p> <p>11 debating it -- I don't think I am. The purpose</p> <p>12 of the Controlled Substances Act is to try and</p> <p>13 minimize abuse and diversion in this country,</p> <p>14 correct?</p> <p>15 MR. CLARK: Objection.</p> <p>16 Argumentative. Calls for a legal</p> <p>17 conclusion. Form.</p> <p>18 A. I would agree that it's -- it is</p> <p>19 trying to regulate the process and keep the</p> <p>20 product in -- yes.</p> <p>21 Q. Keep people safe, correct?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form.</p> <p>24 A. To keep the pharmaceutical</p>
Page 113	Page 113
<p>1 [REDACTED]</p> <p>2 [REDACTED]</p> <p>3 [REDACTED]</p> <p>4 [REDACTED]</p> <p>5 [REDACTED]</p> <p>6 [REDACTED]</p> <p>7 [REDACTED]</p> <p>8 [REDACTED]</p> <p>9 [REDACTED]</p> <p>10 [REDACTED]</p> <p>11 [REDACTED]</p> <p>12 [REDACTED]</p> <p>13 [REDACTED]</p> <p>14 [REDACTED]</p> <p>15 [REDACTED]</p> <p>16 [REDACTED]</p> <p>17 [REDACTED]</p> <p>18 [REDACTED]</p> <p>19 [REDACTED]</p> <p>20 [REDACTED]</p> <p>21 [REDACTED]</p> <p>22 Q. And to try and prevent drug</p> <p>23 diversion, which has affected many communities</p> <p>24 in this country, correct?</p>	<p>1 industry regulated and to keep the drugs in the</p> <p>2 system, keep it legal is ...</p> <p>3 Q. Let me give you back that</p> <p>4 document.</p> <p>5 A. Thank you.</p> <p>6 Q. I'm sorry. That's the wrong one.</p> <p>7 The one before it, which is going to be Exhibit</p> <p>8 Number 7.</p> <p>9 A. Thank you.</p> <p>10 Q. Are you with me?</p> <p>11 A. I have 7.</p> <p>12 MR. CLARK: Before -- this is</p> <p>13 your highlighted copy.</p> <p>14 MR. REINS: Okay. Yeah. Let</p> <p>15 me -- I'm going to fix that. We'll</p> <p>16 get that fixed.</p> <p>17 MR. CLARK: I'll give her my</p> <p>18 clean copy.</p> <p>19 MR. REINS: Okay. Thank you,</p> <p>20 sir.</p> <p>21 THE [REDACTED] ITNESS: Thank you.</p> <p>22 BY MR. REINS:</p> <p>23 Q. So we're now looking at Exhibit</p> <p>24 Number 7, which is specifically from the DEA,</p>

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<p style="text-align: right;">Page 114</p> <p>1 and I want to look quickly at the background</p> <p>2 paragraph. "As each of you is undoubtedly</p> <p>3 aware, the abuse (nonmedical use) of controlled</p> <p>4 prescription drugs is a serious and growing</p> <p>5 health problem in this country."</p> <p>6 Do you take issue with that</p> <p>7 sentence --</p> <p>8 MR. CLARK: Objection to</p> <p>9 form.</p> <p>10 Q. -- by the -- by the Drug</p> <p>11 Enforcement Administration?</p> <p>12 MR. CLARK: Same objection.</p> <p>13 A. That is their stance. That's what</p> <p>14 it says they believe.</p> <p>15 Q. I know what it says, ma'am,</p> <p>16 respectfully, but do you take issue with that</p> <p>17 statement?</p> <p>18 MR. CLARK: Same objection.</p> <p>19 A. No, I do not.</p> <p>20 Q. You know that this is a growing</p> <p>21 health crisis in our nation; do you not?</p> <p>22 MR. CLARK: Objection to</p> <p>23 form. Argumentative.</p> <p>24 A. I know that illegal diversion of</p>	<p style="text-align: right;">Page 116</p> <p>1 this deposition that you try to operate your</p> <p>2 company in an ethical manner; is that right?</p> <p>3 A. Yes.</p> <p>4 Q. What I'm asking you is, you have</p> <p>5 an ethical obligation to make sure, follow all</p> <p>6 of these safety rules and regulations to the</p> <p>7 utmost of your abilities to make sure that you</p> <p>8 are not part of the problem of the opioid</p> <p>9 crisis, correct?</p> <p>10 MR. CLARK: Objection to</p> <p>11 form.</p> <p>12 A. We have -- we have the</p> <p>13 responsibility and the legal duty to comply with</p> <p>14 the law to the best of our ability and, you</p> <p>15 know, to -- to follow the rules and regs.</p> <p>16 That's what we're obligated to do.</p> <p>17 Q. And the reason why we started this</p> <p>18 discussion is, the very purpose of these rules</p> <p>19 and regs are to protect the safety of our</p> <p>20 citizens, correct?</p> <p>21 MR. CLARK: Objection to</p> <p>22 form.</p> <p>23 A. Based on what you showed me, the</p> <p>24 reading of the words, it appears that's what it</p>
<p style="text-align: right;">Page 115</p> <p>1 drugs causes problems.</p> <p>2 Q. You know that the abuse of legal</p> <p>3 drugs is causing a problem, correct?</p> <p>4 MR. CLARK: Objection to</p> <p>5 form. Argumentative.</p> <p>6 A. Based on the news that I have</p> <p>7 heard, yes, I would say that abuse of drugs is</p> <p>8 creating a health problem.</p> <p>9 Q. And as a distributor of some of</p> <p>10 those drugs, you have an obligation -- you</p> <p>11 mentioned to me in the beginning of this</p> <p>12 deposition -- do you remember the word you</p> <p>13 used -- "ethics." You have an ethical</p> <p>14 obligation to make sure you are not part of the</p> <p>15 problem but part of the solution; is that fair</p> <p>16 to say?</p> <p>17 MR. CLARK: Objection to</p> <p>18 form. Misstates the testimony.</p> <p>19 Argumentative.</p> <p>20 Q. Would you agree with that?</p> <p>21 MR. CLARK: Same objection.</p> <p>22 A. I'm sorry. Would you repeat it?</p> <p>23 Q. Sure.</p> <p>24 You stated at the beginning of</p>	<p style="text-align: right;">Page 117</p> <p>1 said, yes, that -- I can't speak to their</p> <p>2 intent, but that's what it looks like.</p> <p>3 Q. Based on what you read?</p> <p>4 MR. CLARK: Objection to</p> <p>5 form.</p> <p>6 A. What you showed me earlier.</p> <p>7 Q. But no internal investigation as</p> <p>8 to how the company, your company -- let me</p> <p>9 rephrase that. I'm going to withdraw that</p> <p>10 question.</p> <p>11 The only information you've heard</p> <p>12 regarding the epidemic, as some are calling it,</p> <p>13 is based on what you've seen on the news,</p> <p>14 correct?</p> <p>15 MR. CLARK: Objection to</p> <p>16 form.</p> <p>17 Q. And what you're reading here?</p> <p>18 MR. CLARK: Same objection.</p> <p>19 A. Yes.</p> <p>20 MR. REINS: I have no more</p> <p>21 questions, ma'am. I appreciate</p> <p>22 your time here today.</p> <p>23 THE WITNESS: Thank you.</p> <p>24 MR. CLARK: I have no</p>

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<p style="text-align: right;">Page 118</p> <p>1 questions.</p> <p>2 THE VIDEOGRAPHER: We're</p> <p>3 going off the record at 11:07 a.m.</p> <p>4 (Signature not waived.)</p> <p>5 ---</p> <p>6 Thereupon, at 11:07 a.m., on Tuesday,</p> <p>7 February 19, 2019, the deposition was concluded.</p> <p>8 ---</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 120</p> <p>1 CERTIFICATE</p> <p>2 STATE OF OHIO :</p> <p>3 SS:</p> <p>4 COUNTY OF FRANKLIN :</p> <p>5 I, Carol A. Kirk, a Registered Merit</p> <p>6 Reporter and Notary Public in and for the State of</p> <p>7 Ohio, duly commissioned and qualified, do hereby</p> <p>8 certify that the within-named CANDACE HARBAUER was by</p> <p>9 me first duly sworn to testify to the truth, the whole</p> <p>10 truth, and nothing but the truth in the cause</p> <p>11 aforesaid; that the deposition then given by her was</p> <p>12 by me reduced to stenotype in the presence of said</p> <p>13 witness; that the foregoing is a true and correct</p> <p>14 transcript of the deposition so given by her; that the</p> <p>15 deposition was taken at the time and place in the</p> <p>16 caption specified and was completed without</p> <p>17 adjournment; and that I am in no way related to or</p> <p>18 employed by any attorney or party hereto or</p> <p>19 financially interested in the action; and I am not,</p> <p>20 nor is the court reporting firm with which I am</p> <p>21 affiliated, under a contract as defined in Civil Rule</p> <p>22 28(D).</p> <p>23</p> <p>24</p> <p>IN WITNESS WHEREOF, I have hereunto set my</p> <p>hand and affixed my seal of office at Columbus, Ohio</p> <p>on this 22nd day of February 2019.</p> <p>---</p> <p>CAROL A. KIRK, RMR</p> <p>NOTARY PUBLIC - STATE OF OHIO</p> <p>My Commission Expires: April 9, 2022.</p> <p>---</p>
<p style="text-align: right;">Page 119</p> <p>1 CERTIFICATE</p> <p>2 STATE OF OHIO :</p> <p>3 SS:</p> <p>4 COUNTY OF _____:</p> <p>5 I, CANDACE HARBAUER, do hereby certify that</p> <p>6 I have read the foregoing transcript of my</p> <p>7 cross-examination given on February 19, 2019; that</p> <p>8 together with the correction page attached hereto</p> <p>9 noting changes in form or substance, if any, it is</p> <p>10 true and correct.</p> <p>11 _____</p> <p>12 CANDACE HARBAUER</p> <p>13</p> <p>14 I do hereby certify that the foregoing</p> <p>15 transcript of the cross-examination of CANDACE</p> <p>16 HARBAUER was submitted to the witness for reading and</p> <p>17 signing; that after she had stated to the undersigned</p> <p>18 Notary Public that she had read and examined her</p> <p>19 cross-examination, she signed the same in my presence</p> <p>20 on the _____ day of _____, 2019.</p> <p>21 _____</p> <p>22 NOTARY PUBLIC - STATE OF OHIO</p> <p>23 My Commission Expires:</p> <p>24 _____, _____.</p>	<p style="text-align: right;">Page 121</p> <p>1 DEPOSITION ERRATA SHEET</p> <p>2 I, CANDACE HARBAUER, have read the transcript</p> <p>3 of my deposition taken on the 19th day of February</p> <p>4 2019, or the same has been read to me. I request that</p> <p>5 the following changes be entered upon the record for</p> <p>6 the reasons so indicated. I have signed the signature</p> <p>7 page and authorize you to attach the same to the</p> <p>8 original transcript.</p> <p>9 Page Line Correction or Change and Reason:</p> <p>10 _____</p> <p>11 _____</p> <p>12 _____</p> <p>13 _____</p> <p>14 _____</p> <p>15 _____</p> <p>16 _____</p> <p>17 _____</p> <p>18 _____</p> <p>19 _____</p> <p>20 _____</p> <p>21 _____</p> <p>22 _____</p> <p>23 _____</p> <p>24 Date _____ Signature _____</p>

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